Alberta Municipal Affairs

2002-2003

Annual Report

104-02439/

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

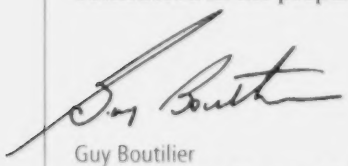
The annual report of the Government of Alberta released June 17, 2003 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Municipal Affairs contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and**
- **financial information relating to the Improvement Districts' Trust Account and the audited financial statements of the Special Areas Trust Account.**

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2003, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 29, 2003 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Guy Boutilier
Minister, Alberta Municipal Affairs

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Vision

Viable, responsive and well-managed local government and a public safety system that provides safe buildings, equipment and facilities, and effective emergency response.

Mission

Alberta Municipal Affairs works in partnership with Alberta's municipalities, other government departments, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective and accountable governments.

Values

As a Ministry, we value and support the principles of honesty, fairness, professionalism, and collaboration, while maintaining a primary focus on exceptional service for our clients. We value our staff and their contributions of innovation, creativity, open communication and accountability. These elements are key to achieving our Ministry's vision.

Message from the Minister

"Partnerships with municipalities and members of Alberta's safety system continued to form a solid foundation for our work."

I am pleased to present Alberta Municipal Affairs' Annual Report for 2002-03.

During the past year, partnerships with municipalities and members of Alberta's safety system continued to form a solid foundation for our work.

Municipal Affairs and the Minister's Council on Roles, Responsibilities and Resources in the 21st Century (Minister's 3Rs council) concentrated on ensuring sustainable, effective and empowered local government that best serves Albertans. The Minister's 3Rs council continues to work with municipalities to explore reliable, predictable and alternative sources of revenue. The council includes provincial MLAs, the presidents of the Alberta Urban Municipality Association and the Alberta Association of Municipal Districts and Counties, the mayors of Calgary and Edmonton, and a representative from the Alberta Economic Development Authority. The council has recommended developing enabling legislation to give municipalities greater authority so they can better meet future challenges.

Alongside the work of the 3Rs council, we are also looking at how to best help municipalities address funding to move forward with Alberta's Climate Change Action Plan. We are working closely with both the rural and urban municipal associations to design an effective and efficient program.

Another focus in 2002-03 was the formation of EMA (Emergency Management Alberta), formerly known as Alberta Disaster Services. This new name better reflects our business and the way changes have occurred due to world events. In addition to the consequence management measures that were already in place, Alberta's new Crisis Management Plan coordinates the efforts of partners from the private and public sectors and all orders of government to counter potential terrorist threats. On the provincial stage, EMA coordinates all activities around preparing for, responding to and recovering from major emergencies.

In December 2002, the Ministry announced the establishment of the Alberta Emergency Services Medal. The medal program pays much-deserved tribute to outstanding full-time, part-time and volunteer emergency services personnel who have committed 12 or more years of their careers to emergency service in Alberta. This is the first time we've formally recognized emergency services workers for the important role they play in keeping our communities safe.

2002 Premier's Award *of* Excellence

Municipal Affairs is committed to working with our partners to ensure that Albertans continue to live in safe and caring communities served by viable, responsive and well-managed local governments. We look forward to the benefits of further collaboration.

Guy Boutilier
Minister, Alberta Municipal Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board, which are included in one financial statement.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Municipal Affairs with any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the Government Accountability Act.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the individual entities within the Ministry.

Brad Pickering
Deputy Minister, Alberta Municipal Affairs
August 29, 2003

Entity Map

Department of Municipal Affairs Functional Organization as at March 31, 2003

Email: comments@ma.gov.ab.ca
Web site: www.gov.ab.ca/ma

Operations and Services

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board.

Department of Municipal Affairs

The Department of Municipal Affairs has two main operating divisions: Local Government Services and Public Safety.

Local Government Services Division

Support and advice leading to effective local government

This division provides support services and advice to municipalities to assist them in developing sustainable and effective local government for Albertans. Services focus on innovation, cooperation, municipal viability, and assessment and tax policy.

There are two branches in this division: Municipal Services and Assessment Services, which are supported by the Divisional Services Unit. The Special Areas Board also reports to the Assistant Deputy Minister of Local Government Services.

Municipal Services

This branch provides the policy, planning, analytical and legislative drafting support necessary to meet the department's responsibilities in the areas of municipal legislation, property taxation, land-use planning, intermunicipal cooperation and municipal status changes. The branch also provides advisory and financial support to help municipalities operate efficiently. It works with a broad range of stakeholders including municipalities and their associations, as well as businesses, industry and not-for-profit organizations.

Assessment Services

This branch develops assessment standards and guidelines, and audits municipal assessments to ensure that each municipality prepares its assessment according to provincial legislation. It leads the development of assessment and education tax policy for the province. It also prepares the assessment of linear property (e.g., oil and gas wells and pipelines) in Alberta. The branch works in partnership with local governments, assessment professionals and industry to support strong, vibrant communities and ensure confidence in the property assessment system.

Divisional Services

This unit coordinates division-wide activities including budgeting, conferences, business planning and information technology. It provides information, advice and assistance to the Minister, the department, and outside stakeholders in the form of research, briefings and correspondence. Divisional Services is also responsible for the administration and operation of the *milenet* system.

Special Areas Board

The Special Areas Board provides municipal services and long-term land management for the three special areas located in southeast Alberta. The board is appointed by the Lieutenant Governor in Council.

Public Safety Division

Safety codes, emergency management and fire protection

This division provides a framework of safety codes and standards to ensure that buildings, facilities and associated equipment are built, operated and maintained safely. It also provides emergency management programs that assist Albertans in preparing for, responding to and recovering from disasters and major emergency situations. The Public Safety Division includes Safety Services, EMA (Emergency Management Alberta), the Fire Commissioner's Office and Policy and Program Development.

Safety Services

This branch administers the *Safety Codes Act*, which establishes codes, standards and administrative processes in nine disciplines: boiler and pressure vessels, building, fire, plumbing, gas, electrical, elevators, amusement rides and passenger ropeways (ski lifts). It assists municipalities, corporations and other organizations that have been delegated authority to administer safety codes and standards. It also monitors and evaluates the performance of these organizations in administering the *Safety Codes Act*. This branch represents the province and participates in the development of national and international codes and standards. In addition, Safety Services provides technical advice and program support to municipalities, corporations, inspection agencies, the Safety Codes Council, contractors, the public and industry.

EMA (Emergency Management Alberta)

This branch, formerly identified as Alberta Disaster Services, develops and carries out a province-wide program that enhances the ability of municipalities and the province to prepare for, respond to and recover from disasters and major

emergencies. It administers the province's disaster recovery programs that provide financial assistance to households, small businesses, farming operations and municipalities for uninsurable losses resulting from natural disasters. Following the tragic events of September 11, 2001, a new section was added to the branch to ensure that all Alberta government departments have business resumption plans in place by the end of March 2004. The branch also developed and is now responsible for administering the new Alberta Counter-Terrorism Crisis Management Plan for responding to potential terrorist activities in the province.

Fire Commissioner's Office

This office provides support and technical advice to fire departments and municipalities on fire protection matters. The Fire Commissioner's Office partners with municipalities and public and private institutions to improve fire protection standards and services. It promotes public education through programs such as the *Risk Watch* injury prevention program, which is designed for use in schools. It works in partnership with *fire etc.* (formerly known as the Alberta Fire Training School) and the Safety Codes Council to provide training and support for firefighters, safety codes officers and municipal officials. The Fire Commissioner's Office also provides technical information and fire prevention and safety publications. In addition, the office collects and analyzes fire incident data as the basis for evaluating and maintaining effective program delivery and preparing an annual report on provincial fire losses.

Policy and Program Development

This branch leads the strategic and operational planning processes and policy development for the division. It assists the Assistant Deputy Minister and branch directors in developing and aligning legislation, policies and programs with the broad business plan objectives of the Alberta Government and Municipal Affairs, and evaluating results. The branch coordinates corporate and cross-ministry initiatives and services within the division, including records, information technology and work management tools. The Policy and Program Development Branch provides project management support to the division for division-wide initiatives as well as branch-specific projects. Other responsibilities include preparing briefings and correspondence and coordinating issues management within the division. The branch also oversees the Underground Petroleum Storage Tank Site Remediation Program administered by the Safety Codes Council on behalf of the department.

Support Services

Staff from specialized areas including Communications, Financial and Information Technology Services, Legal Services, Business Services, and Human Resource Services support the Local Government Services and Public Safety divisions in achieving their business plan goals.

Municipal Government Board

Appeals based on the *Municipal Government Act*

The Municipal Government Board conducts independent, quasi-judicial adjudication functions as required by the *Municipal Government Act* with respect to property assessment appeals, linear property assessment complaints, equalized assessment appeals, subdivision appeals, annexation recommendations, intermunicipal disputes and other matters referred to it by the Minister or Lieutenant Governor in Council.

Shared Services

Municipal Affairs continues to support the Alberta Corporate Services Centre (ACSC). The Ministry purchases administrative, information technology, financial and human resource processing services from ACSC.

The Ministry also supports Alberta Government Services by providing strategic administrative and legal services through a shared services agreement.

Core Businesses

Municipal Affairs supports the following core businesses as indicated in its business plan for 2002-05:

1. **Local Government Services** – providing support services, policies and legislation that enhance the development of a sustainable, accountable, responsive and effective local government sector.

2. **Safety Services and Fire Protection** – administering a safety system that uniformly applies appropriate safety codes and standards and promotes fire protection throughout the province.

3. **Disaster Services*** – managing provincial disaster planning and recovery programs and supporting municipalities to ensure their preparedness to deal with major emergencies and disasters.

4. **Municipal Government Board** – providing independent, quasi-judicial adjudication on matters specified under the *Municipal Government Act*.

* Disaster Services became EMA (Emergency Management Alberta) in November 2002

Analysis of Key Activities

Municipal Affairs was involved in numerous activities during 2002-03, as demonstrated in the Results Analysis section of this report. The following information outlines the main program initiatives and significant accomplishments, as well as the major consultations and legislative changes that took place during the year.

Program Initiatives and Significant Accomplishments

Timely and effective response to disasters and emergencies

EMA (Emergency Management Alberta)

In the period following September 11, 2001, Alberta Disaster Services underwent extensive change. It was designated as the branch responsible for crisis and consequence management in the province, and it assumed responsibility for business continuity planning for the provincial government. In light of these new responsibilities, the branch required a new identity that reflected its expanded role.

The official launch for EMA (Emergency Management Alberta) was announced at the *Crisis Management: An Alberta Perspective* conference in Calgary November 6 and 7, 2002. The conference was jointly sponsored by the Minister of Municipal Affairs and the Solicitor General and provided partners in municipal government, first response organizations, and the private sector with the latest information on initiatives and activities.

EMA developed the Alberta Counter-Terrorism Crisis Management Plan, the first of its kind in Canada. EMA also led the design and implementation of the new Emergency Notification System for notifying all orders of government and the private sector in the event of a change in the level of threat to security for Alberta. Work is under way to set up a new EMA Operations Centre that will improve the branch's ability to plan, implement and communicate during major emergencies. The new facility, which is targeted to be operational in the fall of 2003, has enhanced capacity, which will enable EMA to carry out its newly expanded mandate more effectively.

A coordinated provincial government approach toward municipalities

Minister's Provincial/Municipal Council on Roles, Responsibilities, and Resources in the 21st Century

The provincial government has endorsed a framework developed by the council for a new relationship between the province and Alberta's municipalities. The council has been working on a proposal for legislative amendments to enable municipalities to address transportation pressures. The Minister established the council in November 2001 to identify and address current and future challenges facing provincial and municipal governments.

BUSINESS PLAN KEY RESULTS

Support systems and programs that support excellence in local governance, management and service delivery

Muniversity

Municipal Affairs helped develop various sessions for the Muniversity program, working in partnership with the University of Alberta, the Alberta Urban Municipalities Association, and the Alberta Association of Municipal Districts and Counties. This unique development program provides municipal leaders with training in strategic thinking and outlines the challenges facing municipal government in Alberta. In 2002-03, Muniversity offered sessions to more than 150 participants in Edmonton, Calgary, Grande Prairie and Lethbridge.

Timely and effective response to disasters and emergencies

Disaster Recovery Programs

Municipal Affairs allocated a total of $20 million to help Albertans and municipal governments recover from disasters in 2002-03. In June 2002, heavy rainfall in southern Alberta resulted in extensive overland flooding. The department established a disaster recovery program to assist Albertans with 2,274 eligible claims for uninsurable losses that occured as a result. Heavy rainfall in the Edson area on August 29, 2002 also resulted in overland flooding. A disaster recovery program covering 45 eligible claims was approved to assist residents and small businesses affected by the flood. In the summer of 2002, wildfires in north-central Alberta led to evacuations and resulted in emergency operations costs for some municipalities. Municipal Affairs compensated municipalities for these costs.

Municipal Wildfire Assistance Program

Municipal Affairs and Alberta Sustainable Resource Development developed a program to help municipal governments deal with the cost of fighting wildfires. The program limits the financial burden on local taxpayers by having municipalities pay a base firefighting cost of $25 per resident before the government covers 75 per cent of the remaining firefighting costs.

Alberta Emergency Public Warning System

Municipal Affairs expanded the Emergency Public Warning System to the Red Deer region in May 2002. Further expansion to the Lethbridge region occurred in February 2003. The system broadcasts warning messages to the public about life-threatening emergencies and child abductions. Municipal Affairs is investing more than $1.2 million to expand the system province-wide by March 2004.

Reduced personal and property loss resulting from preventable fires

Emergency Services Medal

Municipal Affairs created the new Alberta Emergency Services Medal to recognize the vital role emergency services personnel play in our communities. This award pays much-deserved tribute to outstanding full-time, part-time and volunteer members who have committed 12 or more years of their careers to emergency service in Alberta. Members of the Alberta fire service and emergency medical services, as well as emergency medical dispatchers, fire service dispatchers, and personnel from Emergency Management Alberta, the Alberta Fire Commissioner's Office, and Alberta Sustainable Resource Development are eligible for the medal.

BUSINESS PLAN KEY RESULTS

Support systems and programs that support excellence in local governance, management and service delivery

Timely and effective response to disasters and emergencies

Minister's Awards for Municipal Excellence

The Minister created an annual program of awards for municipal excellence, with the first awards presented in the fall of 2002 to 10 municipalities and three community organizations. The awards recognize and promote innovation, collaboration and outstanding achievement in local government. This initiative won a silver Premier's Award of Excellence in 2003

Government Business Resumption Planning

Municipal Affairs exceeded its target of ensuring the completion of business resumption plans for 10 provincial government departments in 2002-03. By the end of March 2003, 13 departments had submitted plans and were participating in the cross-government program to exercise business resumption plans. The remaining 10 ministries are scheduled to submit their plans by March 31, 2004.

Chemical, Biological, Radiological and Nuclear Response

Municipal Affairs coordinated the development of a province-wide plan to deal with chemical, biological, radiological and nuclear threats. Provincial and federal grants totalling $1.8 million were provided to purchase specialized equipment managed by the cities of Edmonton, Calgary, Grande Prairie, Fort McMurray, Red Deer, Medicine Hat, and Lethbridge. This equipment is shared on an as-needed basis with neighbouring municipalities. Alberta is the only province using this province-wide response concept.

Support systems and programs that support excellence in local governance, management and service delivery

Regional Partnerships

In 2002-03, Municipal Affairs provided $375,000 to municipalities under the Regional Partnerships Initiative. This initiative encourages three or more municipalities to explore opportunities for cooperation in a variety of areas including economic development, transportation, and service delivery to citizens and business. During the year, the initiative grew from 16 to 23 regional partnerships involving 203 municipalities throughout the province. One example is the North Central Regional Partnership, in which nine municipalities were funded to explore opportunities in governance and shared services delivery systems. Another example is the Bow Valley Corridor Partnership where three Bow Valley municipalities were funded to explore regional opportunities in emergency dispatch services, administrative services, and options for the development of a regional transportation system.

Reduced personal and property loss resulting from preventable fires

Injury Prevention Programs for Alberta Children

The Fire Commissioner's Office has assumed a leadership role in the *Risk Watch* injury prevention program for children from pre-school to Grade 8. Alberta was named the Risk Watch Champion for Canada by the National Fire Protection Association. The Risk Watch Champion Team will establish pilot programs in five Alberta schools during 2003. Alberta is also leading an initiative to Canadianize the *Risk Watch* Program.

BUSINESS PLAN KEY RESULTS

Resolution of local and intermunicipal governance and management issues through responsible and effective Ministry support

Dispute resolution initiatives

The new Local Dispute Resolution Initiative was launched to help municipalities apply alternative dispute resolution techniques in their internal processes. This initiative also helps municipalities review their business practices with the goal of improving operations and methods for dealing with residents.

The Intermunicipal Dispute Resolution Initiative continues to help Alberta municipalities resolve disputes through the collaborative process of mediation. This initiative has proven to be extremely successful and continues to have a 100 per cent resolution record. In 2002-03, department staff assisted with 16 mediations involving 11 municipalities.

Support systems and programs that support excellence in local governance, management and service delivery

milenet

Municipal Affairs launched *milenet* as a new way of doing business with Alberta's municipalities. *Milenet* is a secure, online gateway to services within the department and a way for municipalities to share information between governments. The *milenet* gateway offers three applications to Alberta municipalities:

- a computer system that provides municipalities with secure Internet access to assessment-related information called the Assessment Shared Services Environment (ASSET). ASSET will support the Assessment Services Branch as it moves to a new assessment reporting system in 2004,
- a Fire Electronic Reporting System (FERS) that enables municipal fire departments, insurance adjusters/companies and other agencies to submit fire incident and related reports online to the Fire Commissioner's Office, and
- a Grants Management Application System (GMAS) that allows municipalities to submit grant applications online.

Codes and standards are applied uniformly

Electronic Permitting System

An electronic permitting system was introduced to assist municipalities accredited under the *Safety Codes Act* in managing data for permit applications and approvals. By year end, 35 municipalities were using the system. The system is also being used to manage and measure the performance of accredited municipalities and corporations in their administration of the *Safety Codes Act.* In addition, the system is used to track activities in the Underground Petroleum Storage Tank Site Remediation Program.

Financial support that enhances local government financial capability

Municipal Sponsorship Program

The Municipal Sponsorship Program continued to assist Alberta municipalities for a fifth year. The program provided grants for projects that promote innovation, excellence and cooperation in improving municipal governance or administration, enhancing municipal services or service delivery, and/or increasing intermunicipal cooperation. A total of 237 applications were received and grants totalling $13.5 million were paid. The program is open to municipalities with populations of 20,000 or less, excluding summer villages.

Timely processing of appeals

Municipal Government Board

The Municipal Government Board handled over 17,000 appeals in 2002. This is more than double the volume handled in 1998. Linear property assessment and property assessment appeals account for the majority of the board's cases. The board has developed a number of internal processes to improve its performance in deciding appeals within 150 days. Rigid systems to monitor and follow-up on outstanding decisions and deal with unscheduled appeals have resulted in a significant reduction in the number of decisions that exceed 150 days. In 2002, there were 25 per cent less decisions that exceeded 150 days than in 2001. This reduction was experienced even though 2002 saw an increase in the number and complexity of hearings compared to 2001.

Municipal Government Board Caseload

	1998	1999	2000	2001	2002
Property Assessment	1,720	8,130	6,553	4,666	5,236
Linear Assessment	6,787	11,885	9,221	11,480	11,950
Equalized Assessment	6	3	2	2	1
Subdivision	31	27	35	36	53
Annexations	10	20	10	20	10
Disputes	3	2	2	0	1
Re-hearings/Reviews	16	14	17	12	7
Number of Written Decisions	304	250	272	281	248
Number of Hearings	524	883	1,035	1,147	1,158

Source: Municipal Government Board

Cross-Ministry Initiatives

Aboriginal Policy Initiative

Municipal Affairs conducted research and, based on preliminary analysis, determined that the three priority areas for fire prevention in aboriginal communities are home fire safety, arson and vandalism, and children playing with fire. The department collected fire incident statistics on First Nations communities and Metis settlements and made these statistics available as a tool to evaluate and improve fire prevention in aboriginal communities.

Municipal Affairs also supported the Aboriginal Policy Initiative by:

- monitoring how the *Safety Codes Act* is administered in aboriginal communities accredited to conduct inspection work,
- assisting aboriginal communities in obtaining accreditation under the *Safety Codes Act*,
- conducting more than 40 emergency preparedness training courses in 16 of the 46 First Nations communities,
- visiting all First Nations communities to review emergency operations plans, liaise with leaders and the local director of disaster services, and facilitate training,
- providing Fire Prevention Week safety kits to eight Metis settlements for distribution to children,
- providing grants to three Metis settlements for fire service training, and
- presenting and discussing the *Report Concerning Relations Between Local Governments and First Nation Governments* at the August 2002 meeting of provincial/territorial ministers responsible for local government. This report was spearheaded by Alberta Municipal Affairs and developed jointly with other provinces.

Alberta Children and Youth Initiative

The Fire Commissioner's Office partnered with McDonald's Restaurants of Canada to produce more than 165,000 children's fire prevention activity booklets for grades 4 to 6 and distributed them to schools through local fire departments. The office also completed two projects to establish linkages between the learning outcomes of Alberta Learning's Health and Life Skills Curriculum for Kindergarten to Grade 9 and the *Risk Watch* injury prevention program for children. Work was also done with Alberta Learning to include *Risk Watch* as a teaching resource in the *Health and Life Skills Guide to Implementation* document released in December 2002.

Economic Development Strategy

Municipal Affairs approved seven regional partnership exploration grants that support regional cooperation in the areas of economic development, governance and shared-service delivery. It also entered into an interdepartmental agreement that allows data from the Ministry's Municipal Financial Information System to be transferred electronically to Economic Development's community investment database. Municipal Affairs also participated in a number of committees in support of the Economic Development Strategy. Staff worked on the Provincial/Central Alberta Economic Alliance Initiative Pilot Project that involves a number of provincial departments. Five task groups have been created and Municipal Affairs participates in two: the Regional Infrastructure Study and Access to Relevant Federal Programs.

Health Sustainability Initiative

The Ministry participated in developing a provincial water contingency plan. It also supported MLA committees on ambulance services and safety standards for secondary suites. In addition, Municipal Affairs partnered with the Alberta Association of Municipal Districts and Counties, the Alberta On-site Wastewater Contractors Association and the Safety Codes Council to improve private sewage installer training and develop municipal control processes for private sewage disposal systems.

Major Consultations

Safety System Review

Codes and standards are applied uniformly, effectively and efficiently

Over the past two years, Municipal Affairs and the Safety Codes Council held extensive consultations with stakeholders of Alberta's safety system. The province-wide review was conducted to determine what was working well under the *Safety Codes Act* that has been in effect since 1994 and what could be improved. The review confirmed that users of the system support its current structure and operation. Overall, there is general agreement that the system is in better shape than ever before, and that the *Safety Codes Act* has improved the system and brought about beneficial changes. The *Final Report of the Safety System Review* was made available to the public in May 2003.

Secondary Suites

Appropriate codes and standards

The need for health and safety standards for secondary suites in single-family homes has become apparent in recent years. To address this concern, Municipal Affairs and the Safety Codes Council developed technical standards, and Municipal Affairs conducted a public consultation on proposed changes to the Alberta building and fire codes to include these technical requirements. An MLA committee has been formed to consult with municipalities regarding implementation of the proposed changes.

Municipal Government Act

A legislative framework that enables municipalities to operate successfully and meet the local needs of Albertans

The Ministry embarked on a process to review the *Municipal Government Act* in partnership with the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties. Work is under way to review the structure of the act and recommend how it can be improved to enhance its flow, readability and understanding.

BUSINESS PLAN KEY RESULTS

A property assessment system in Alberta that is accurate, understandable, predictable, transparent and timely

Agricultural Property Assessment Review

A series of 11 information sessions were held by the MLA Farm Property Assessment Review Committee and Ministry staff to advise stakeholders of the committee's final report and recommendations. The committee made presentations in all regions of the province and solicited feedback from agricultural landowners, municipal officials, property assessors, representatives of agricultural organizations, and others with an interest in rural property assessment. The committee proposed that changes be made to update and resolve inequities in the current assessment system for agricultural property.

Industrial Property Assessment Review

As part of the current review of industrial property assessment, Ministry staff developed draft assessment rates and depreciation standards for the assessment and taxation of pipelines and wells. Ministry staff have consulted with stakeholder working groups, including industry and municipal representatives, as part of this process.

Legislative and Policy Changes

Municipal Affairs introduced changes to the *Municipal Government Act* through the *Municipal Government Amendment Act, 2003*. The amendments provided a standard of good faith as liability protection for councillors, municipal officials, employees and volunteers, as well as for municipal boxing and wrestling commissions. Changes were also made to improve the equalized assessment process, which is used for calculating requisitions for cost-shared programs.

Regulations reviewed and re-enacted in 2002-03:

- Building Code Amendment Regulation
- Crowsnest Pass Regulation
- Electric Energy Generation Exemption Regulation
- Electrical Code Regulation
- Extension of Linear Property Regulation
- Fire Code Amendment Regulation
- Inclined Passenger Lifts Amendment Regulation
- Municipal Affairs Grants Regulation
- Municipal Long Term Electricity Agreement Regulation
- Planning Exemption Regulation
- Plumbing Code Regulation
- Pressure Welders Regulation
- Regional Shopping Centre Allocation of Assessment Regulation

The Ministry also consolidated nine regulations relating to certificates and permits for safety services disciplines into the new Certification and Permit Regulation. The new Elevating Devices, Passenger Ropeways and Amusement Rides Permit Regulation consolidated two regulations.

Three new regional services commissions were created during 2002-03:

- Thorhild Regional Waste Management Services Commission
- Smoky River Regional Waste Management Commission
- Beaver River Regional Waste Management Services Commission

Ten uncontested annexation applications were also processed:

- MD of Greenview to Town of Fox Creek
- Lacombe County to Town of Eckville
- Leduc County to Town of Calmar
- MD of Foothills to Town of High River
- Lacombe County to Town of Blackfalds
- County of Forty Mile to Village of Foremost
- Leduc County to Village of Thorsby
- Drumheller to Starland County
- Starland County to Drumheller
- County of Wetaskiwin to City of Wetaskiwin

Key Factors Influencing Performance

Fires and Flooding

Floods and wildfire

Overland flooding and wildland fires caused municipalities to incur emergency operations costs and resulted in some uninsurable damage for Albertans. Disaster recovery programs were established to provide compensation of almost $20 million to Albertans and municipalities.

Severe drought in the province in 2001 and 2002 caused extreme wildfire conditions. Municipalities are responsible for fighting wildfires that occur outside the Forest Protection Area that is protected by Alberta Sustainable Resource Development. In extreme years, the financial implications of fighting wildfires can have a major impact on the taxpayers of rural municipalities. As a result, Municipal Affairs and Alberta Sustainable Resource Development developed the Municipal Wildfire Assistance Program, under which the government pays 75 per cent of firefighting costs after the municipality has incurred a base firefighting cost of $25 per resident. This program applies to wildfires that occur on or after April 1, 2003.

Terrorism Threat

Change in the global security environment

Alberta Disaster Services became EMA (Emergency Management Alberta) and was expanded to address the change in the global security environment following the terrorist attacks on the United States. More than $1.2 million was re-allocated within the department's budget to establish a Crisis Management Unit and create a new and expanded Emergency Management Alberta Operations Centre. The current global security environment also influenced the demand for business

continuity and resumption planning in the public and private sector. EMA helped develop business resumption plans for provincial government departments and responded to requests for advice and assistance from municipalities within Alberta, other governments in Canada and the United States, public institutions and the private sector.

Higher cost to clean up contaminated sites

Underground Petroleum Storage Tank Site Remediation Program

This program was implemented in October 2000 to provide partial funding assistance to owners of contaminated underground petroleum storage tank sites to assist with cleaning their sites. An additional $10 million in funding was approved for the Underground Petroleum Storage Tank Site Remediation Program in February 2003. The additional funds were required to increase conditional grant agreements to the $100,000 program limit, to accommodate current estimates for cleaning up sites. The additional funding enabled the program to allow more owners access to the maximum grant, where required.

Alberta's Climate Change Action Plan

Climate Change

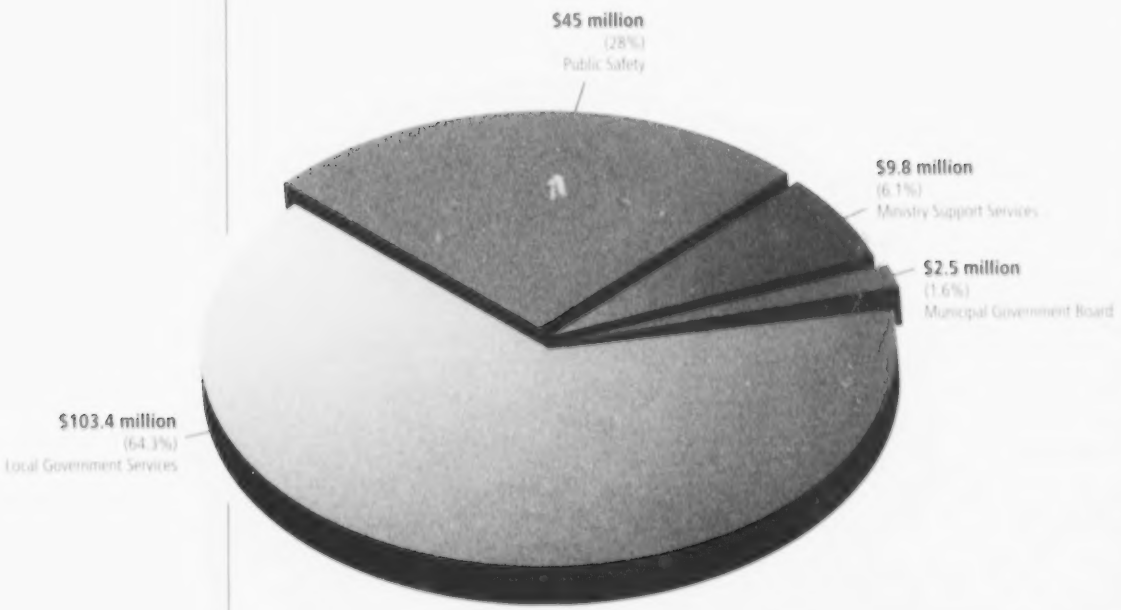
The Alberta Government is committed to reducing the amount of greenhouse gases produced in Alberta through its Climate Change Action Plan. Municipal Affairs is working closely with both municipal associations to design a program to help municipalities pursue more energy-efficient methods of operation.

Financial Highlights

For the year ended March 31, 2003
(thousands of dollars)

	2003		2002
	Authorized Budget	Actual	Actual
Revenues	$ 42,353	$ 50,763	$ 15,155
Expenses	161,367	160,752	168,133
Net Operating Results	(119,014)	(109,989)	(152,978)
Capital Expenditures	**$ 999**	**$ 859**	**$ 2,137**

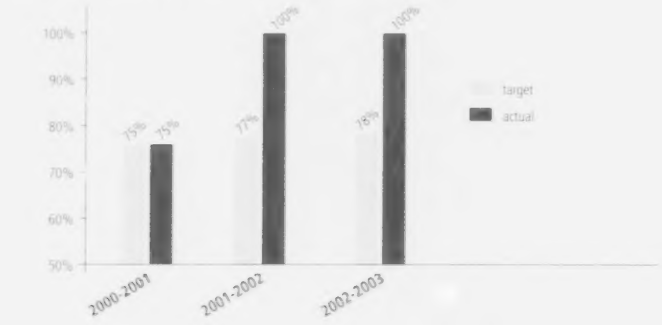
Voted Program Expenses



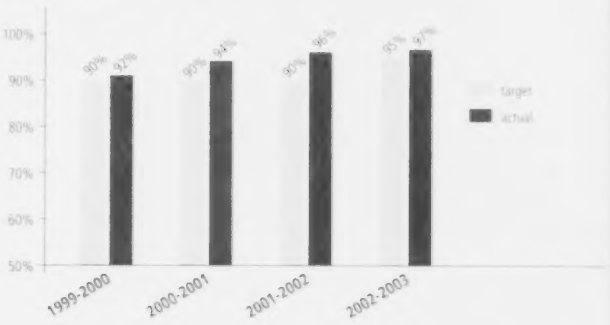
	2003	2002
	(thousands of dollars)	
Assets	$ 45,956	$ 35,462
Liabilities	$ 60,727	$ 55,330
Net Liabilities	$ (14,771)	$ (19,868)

Performance Measures Highlights

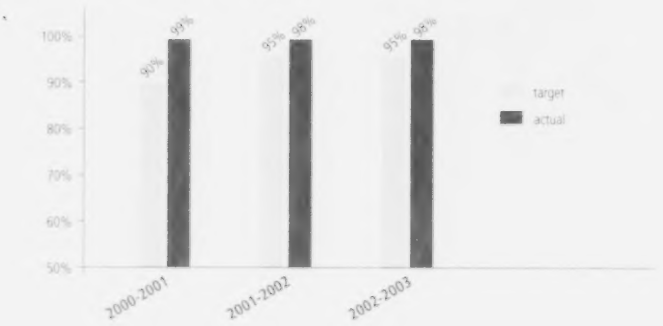
Client satisfaction with Local Government Services



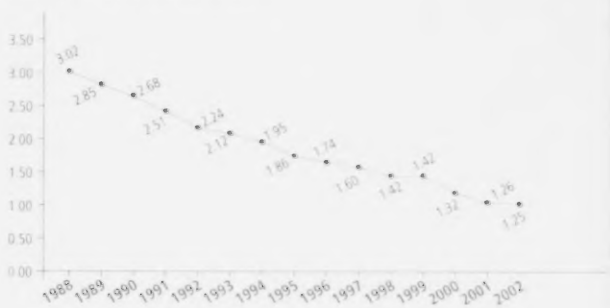
Satisfactory administration of the Safety Codes Act



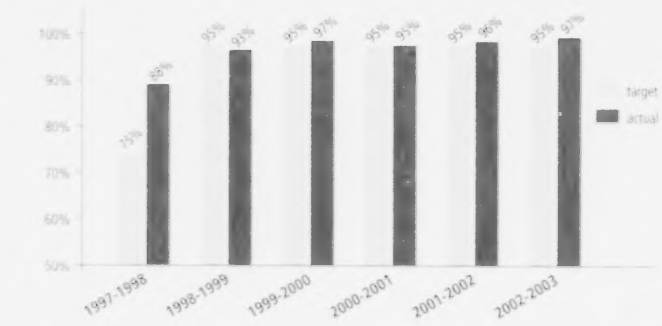
Financially accountable municipalities



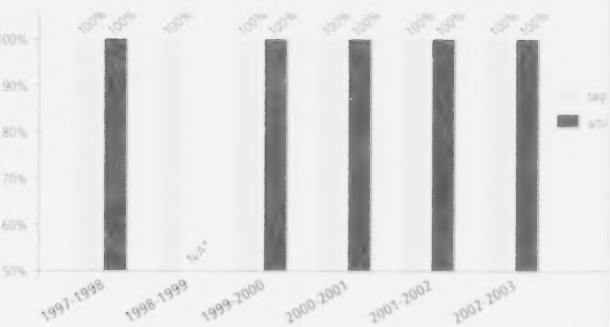
Fire deaths per 100,000 population



Assessment rolls meet standards

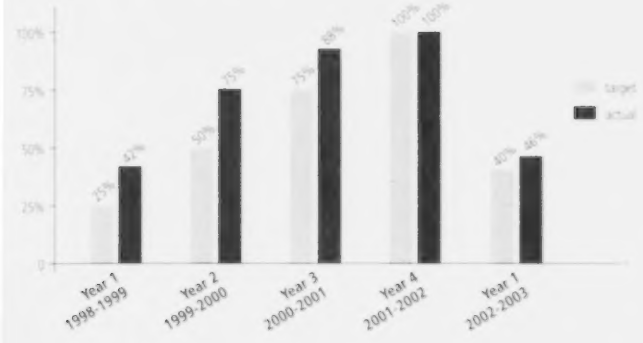


Disaster claims within 30 days

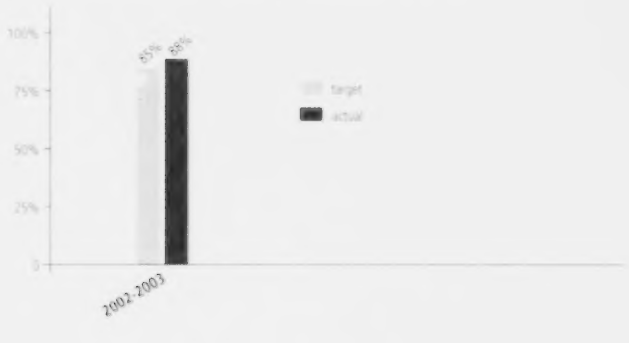


*As there were no disasters warranting a disaster recovery program in 1998-99, there is no data to report on this measure for this year.

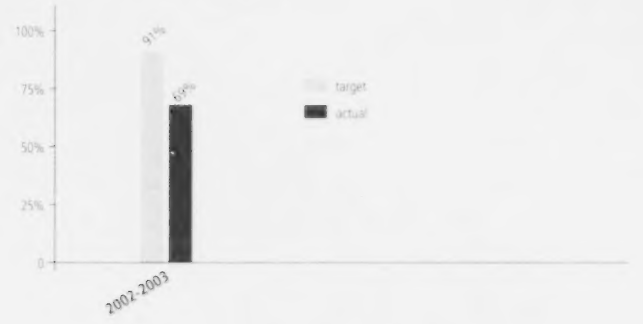
ergency preparedness testing



Stakeholder satisfaction with Municipal Government Board



perty appeals heard within 150 days



Source for graphs:
Alberta Municipal Affairs and
Municipal Government Board

nicipal Government Board decisions successfully challenged

RESULTS ANALYSIS

Deputy Minister's Message

"...we have been successful in meeting and often exceeding most of our targets..."

During 2002, the Ministry worked in partnership with municipalities to address challenges and explore opportunities in key areas such as sustainability, safety and security.

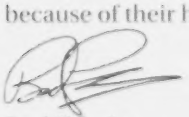
In reviewing our Ministry's performance results, we have been successful in meeting and often exceeding most of our targets, and that's good news for us and our stakeholders. We have some new measures in 2002-03: one for the Fire Commissioner's Office and three for the Municipal Government Board. It's gratifying to see from the Fire Commissioner's new measure that fire deaths are down in Alberta again this year. Even though this is the first time we've formally used this measure, we have been keeping historical data that shows fire deaths per 100,000 population have decreased by more than half since 1988.

Regarding the Municipal Government Board's three measures, the board exceeded its targets on two and fell short on the third. The board's result of hearing 69 per cent of appeals within 150 days shows that 91 per cent was too ambitious a target, and the board is re-evaluating this new measure.

The results and successes I've reported could not have been accomplished without the efforts of our capable and dedicated employees. In the government's 2002 Corporate Employee Survey, Municipal Affairs employees expressed levels of satisfaction that met or exceeded the cross-government averages. This was particularly true regarding satisfaction with their jobs, the support they receive for learning and development, how valued they feel, and how well they understand how our work contributes to the Alberta Government's overall business plan goals.

The quality and commitment of our employees is further reflected in the strong results achieved in our United Way campaign and by our Corporate Challenge team. We collected $20,000 in support of the United Way, surpassing our goal by $5,000. And we placed sixth out of 32 teams in our division of the Corporate Challenge, where staff of Edmonton-area companies and organizations compete in a variety of events to increase workplace camaraderie and improve networking in the business community.

I commend our management team and dedicated staff for their efforts over the past year. We've been successful in achieving our Ministry's goals and objectives because of their hard work.



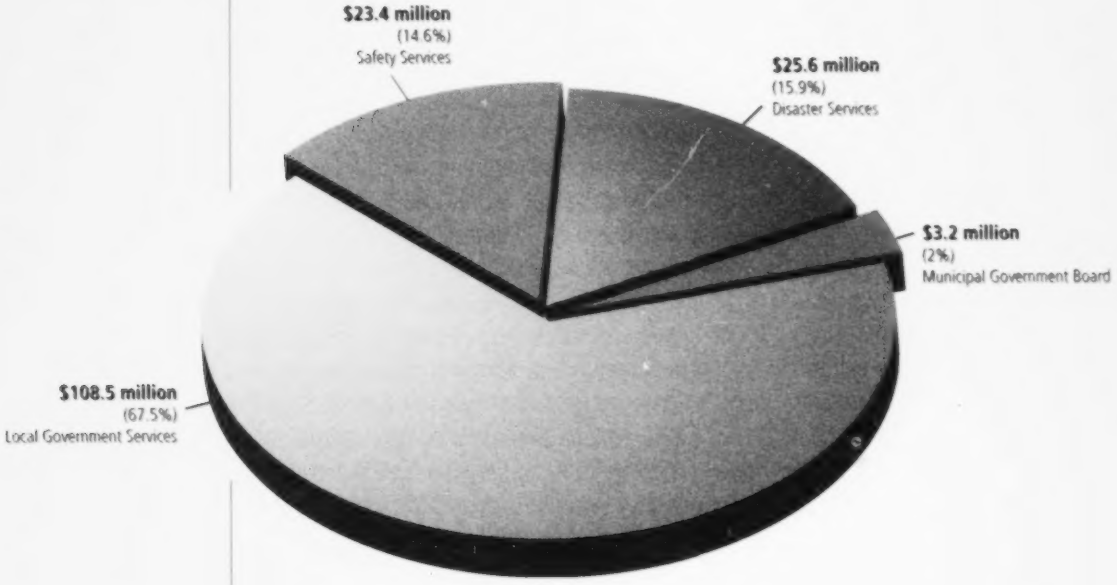
Brad Pickering
Deputy Minister, Alberta Municipal Affairs

Expense by Core Business

For the year ended March 31, 2003
(thousands of dollars)

	2003		2002
	Authorized Budget	Actual	Actual
Local Government Services	$ 113,022	$ 108,527	$ 110,888
Safety Services	21,504	23,442	48,117
Disaster Services	23,496	25,602	6,285
Municipal Government Board	3,345	3,181	2,843
	$ 161,367	**$ 160,752**	**$ 168,133**

Expense by Core Business



The Ministry Support Services expenses and valuation adjustments, as reported on the Statement of Operations, have been allocated to each core business. Also the Public Safety Division support expenses are allocated between the Safety Services and Disaster Services' core businesses.

Goals, Results and Measures by Core Business

Core Business 1 – Local Government Services

Goal 1: An effective, responsive, cooperative and well-managed local government sector

Support systems and programs that support excellence in local governance, management, and service delivery

2002 Premier's Award *of* Excellence

Results

- Implemented the Municipal Excellence Network, which operates by sharing knowledge, cataloguing municipal practices and recognizing excellence. The first Minister's Awards for Municipal Excellence were presented to 10 municipalities and three community organizations at the fall conventions of the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties. The Municipal Excellence Web site (www.menet.ab.ca) was launched on June 24, 2002. By March 31, 2003, it contained more than 100 municipal practices submitted by municipal stakeholders. The network's Financial and Human Resource Interactive Workshops were also completed on March 28, resulting in 37 new practices being collected and put on the network.
- Launched Muniversity, a unique development program for municipal officials, in partnership with the University of Alberta, the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties. In 2002-03, Muniversity offered sessions to more than 150 participants in Edmonton, Calgary, Grande Prairie and Lethbridge. The program provides municipal leaders with training in strategic thinking and outlines the challenges facing municipal government in Alberta.
- Provided $375,000 to municipalities in 2002-03 under the Regional Partnerships Initiative that encourages three or more municipalities to explore opportunities for cooperation in a variety of areas including economic development, transportation, and service delivery to citizens and business. The initiative grew from 16 to 23 regional partnerships involving 203 municipalities throughout the province.
- Launched *milenet*, a secure online system that will make it easier and more efficient for Alberta's municipalities to report, gather and share information such as property assessments and fire statistics.
- Administered Municipal Infrastructure Management System contracts for consultants to develop a system that will help municipalities manage their infrastructure.
- Provided 14 Effective Listening and Communication workshops for 268 municipal clients throughout the province.
- Provided four orientation sessions for new chief administrative officers who were also designated as municipal treasurers.

BUSINESS PLAN KEY RESULTS

- Initiated work to have the Municipal Resource Handbook placed on the Internet site for access by all stakeholders. The handbook contains information and materials relevant to current topics and practices in municipal administration to help with the day-to-day operations of municipalities.
- Participated on a climate change committee headed by Alberta Finance to review climate change proposals made by Alberta's municipal associations.
- Provided $35,308 in conditional and unconditional grants to nine Alberta Metis Settlements.

Resolution of local and intermunicipal governance and management issues through responsive and effective Ministry support

- Launched the Local Dispute Resolution Initiative to help municipalities apply alternative dispute resolution techniques in their internal processes and improve how they deal with residents.
- Assisted with 16 mediations involving 11 municipalities through the Intermunicipal Dispute Resolution Initiative, which helps resolve disputes that arise between Alberta municipalities.
- Partnered with Alberta Justice, the Alberta Energy and Utilities Board, and Alberta Human Resources and Employment to produce and distribute information cards promoting conflict resolution techniques and the Alberta Government's programs to resolve disputes without going to court. Cards were distributed through Alberta libraries, municipalities, the courts, family and community support services' offices, and other venues.
- Provided management services to the improvement districts, except Kananaskis.
- Responded to numerous advisory calls in the areas of municipal planning, finance and administration from Albertans, municipal clients and other stakeholders.

A coordinated provincial government approach towards municipalities

- Assisted the Minister's Provincial/Municipal Council on Roles, Responsibilities and Resources in the 21st Century in its work to clarify how specific services should be delivered and to determine the resources necessary to carry out various functions. The council has agreed on a framework to guide the process into the future.
- Participated in the MLA Ambulance Review project.
- Reviewed a submission by the Regional Municipality of Wood Buffalo and a consortium of oil sands companies. Municipal Affairs organized a 16-department committee to consider the expected growth in oil sands development, the potential impact on regional growth, and the possible effect on the provincial government.
- Participated in subcommittees following the Minister's Symposium on Schools to further develop symposium ideas to ensure Alberta's school facilities meet community needs as well as the physical and technological challenges of the future.

A legislative framework that enables municipalities to operate successfully and meet the local needs of Albertans

- Received Royal Assent on the *Municipal Government Amendment Act, 2003*, on May 14, 2002. The bill amended the *Municipal Government Act* to implement some of the recommendations of the Equalized Assessment Panel to improve the equalized assessment process. It also changed the liability protection standard to one of good faith for municipal councillors, officials, employees, and volunteers, as well as municipal boxing and wrestling commissions.

BUSINESS PLAN KEY RESULTS

A legislative framework that enables municipalities to operate successfully and meet the local needs of Albertans

- Introduced the *Local Authorities Election Amendment Act, 2003*. The bill proposes a number of amendments, mainly administrative, to increase efficiencies and streamline the local authorities election process.
- Amended the Planning Exemption Regulation to allow for the development of a francophone school in the City of St. Albert.
- Amended the Municipal Affairs Grants Regulation, in part to extend the grants in place of taxes for unsubsidized seniors facilities for three more years.
- Started reviewing the *Municipal Government Act*, in partnership with the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties, to determine how it can be improved to enhance its flow, readability and understanding.

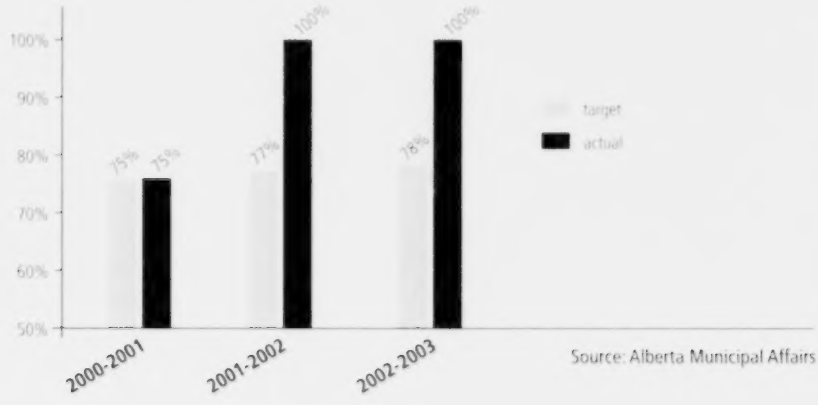
Performance Measure

Measure: Level of satisfaction with the Local Government Services Division's activities, services and programs in enabling and promoting a cooperative and well-managed local government sector

Target: 78 per cent. To meet or exceed the 2002-03 target, seven of the eight units must meet their individual targets

Actual Result: 100 per cent

Client satisfaction with Local Government Services



Source: Alberta Municipal Affairs

Analysis

All units met their targets. The 2002-03 results were compiled from a comprehensive and specific e-mail and web-based/telephone survey, sampling all clients. The results achieved in 2002-03 are similar to those achieved in 2001-02.

BUSINESS PLAN KEY RESULTS

Goal 2: Financially sustainable and accountable municipalities

Results

Financial support that enhances local government financial capability

Administered several grant programs for municipalities. The department provided municipalities with:

- $37.5 million through the Unconditional Municipal Grant Program, including a payment of $1.8 million to 18 rural municipalities for targeted assistance, $585,000 to two municipalities to help defray high firefighting costs, and $375,000 under the Regional Partnerships Initiative to five municipalities to explore shared-service and related opportunities in their respective regions,
- $26.8 million through the Grants in Place of Taxes Program,
- $13.5 million to improve governance, administrative services or service delivery practices through the Municipal Sponsorship Program, including a 25 per cent bonus for eligible projects involving intermunicipal cooperation. Funding was provided to 279 municipalities for a variety of projects involving computers, recreation, economic development, emergency services, municipal buildings, and other municipal priorities,
- $8.6 million through the Municipal Debenture Interest Rebate Program, and
- grants of $1.5 million to 26 local authorities to help them address various municipal matters including:
  - $432,680 to seven municipalities for the purchase of chemical, biological, radiological and nuclear response equipment,
  - $250,000 to the Alberta Capital Region Wastewater Commission for the Edmonton Regional Planning Study,
  - $240,000 to eight municipalities to provide on-the-job training in local government to municipal interns,
  - $150,000 to the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties for building renovations to improve energy efficiency,
  - $121,450 in mediation grants to eight municipalities for dispute resolution, and
  - $231,000 to various other municipal entities to undertake projects relating to municipal matters such as municipal operation and organization.

Appropriate Ministry services and systems are in place to contribute to financially sustainable municipalities

- Administered financial monitoring systems by overseeing the regulated municipal debt and deficit limits, as well as the submission of audited financial statements from municipalities.
- Dissolved three municipalities in 2002-03: the Villages of Plamonden and Burdett and the Summer Village of White Gull.

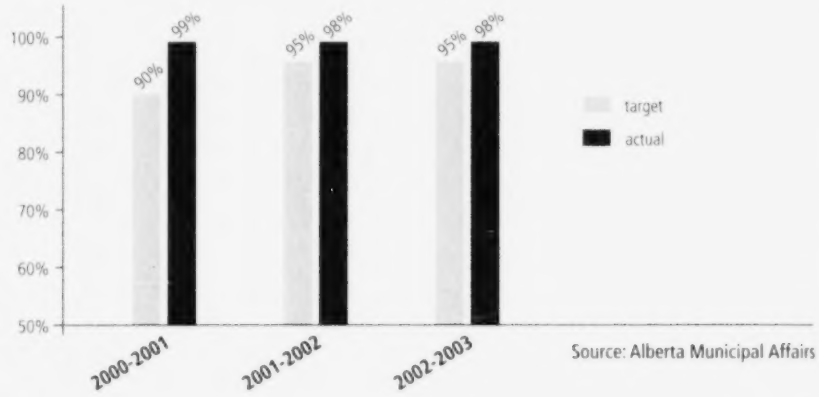
Performance Measure

Measure: Percentage of municipalities meeting Ministry's criteria of financial accountability

Target: 95 per cent

Actual Result: 98 per cent

Financially accountable municipalities



Source: Alberta Municipal Affairs

Analysis

In 2002-03, 98 per cent of Alberta municipalities met the Ministry's criteria for financial accountability. The target was 95 per cent. The result is similar to the result of the previous year and reflects a consistent level of financial accountability by Alberta municipalities.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

A property assessment system in Alberta that is accurate, understandable, predictable, transparent and timely

Results

- Verified the assessment levels submitted by each municipality. These assessment levels are used to calculate an equalized assessment for each municipality. The equalized assessment is a measure of a municipality's property wealth in comparison to other Alberta municipalities. These equalized assessments are used for several purposes, such as determining the amount of some provincial grants to municipalities, calculating provincial requisitions for education funding, and calculating requisitions for intermunicipal cost-sharing programs.
- Held eight one-day workshops for 245 members and clerks of local assessment review boards and other municipal officials.
- Continued to work with stakeholders on developing new valuation rates and depreciation standards for the assessment of regulated industrial property.
- Validated assessments of provincially owned property. The purpose of this work is to ensure that Crown property is assessed equitably in comparison to similar properties not owned by the Crown, so that municipalities receive grants in place of taxes on Crown properties that are based on fair assessments.
- Developed, published and distributed the *Guide to Property Assessment and Taxation in Alberta*. The guide was written to provide general information about the province's assessment and property taxation system.
- Prepared and disseminated the 2002-03 linear assessment before the legislated date of February 28, one month earlier than the previous year. The department is continuing to work with stakeholders to improve data sources for the assessment of linear property (e.g., oil and gas wells and pipelines, telecommunication systems, and electric power systems). For the second year, the linear assessment was delivered to municipalities in electronic form. Utility companies reported most of their data electronically and most companies also received assessments electronically. Only those with fewer than 30 accounts received assessments in paper format.
- Held 11 stakeholder information sessions for the MLA Farm Property Assessment Review Committee during the spring of 2002.
- Continued to assist the MLA Education Property Tax Review Committee in its review of the property tax system in Alberta.
- Continued to develop the Assessment Shared Services Environment (ASSET), a computer system that will provide municipalities with secure Internet access to a standardized, province-wide collection of assessment-related data. The project is being developed in partnership with the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties. The system, when

implemented, will result in benefits for municipalities, assessors and the Ministry. Internal development was completed in 2002-03 and the system will be pilot tested and enhanced during 2003.

- Conducted annual statistical audits on all municipalities in the province and performed detailed procedure audits on a five-year cycle.
- Completed detailed assessment audits on 65 municipalities by March 31, 2003. Analysis, research and draft reports were completed on an additional 35 municipalities.

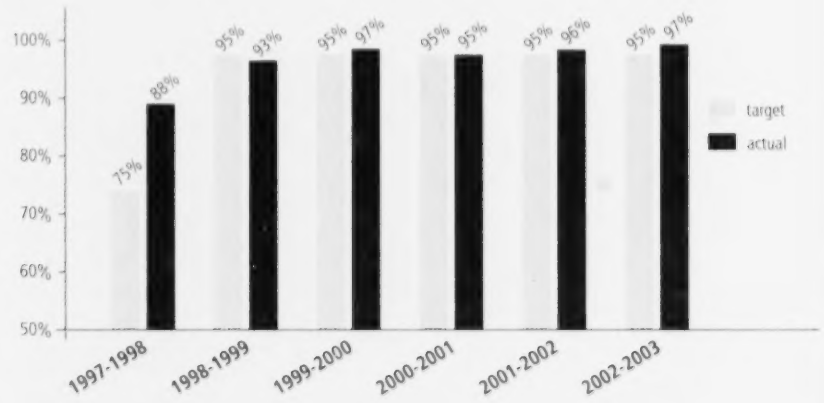
Performance Measure

Measure: Percentage of assessment rolls which meet the provincial standards for procedures, uniformity and equity

Target: 95 per cent

Actual Result: 97 per cent

Assessment rolls meet standards



Source: Alberta Municipal Affairs

Analysis

In 2002-03, the target of 95 per cent overall compliance was met with a result of 97 per cent. In comparing the result to the four categories that make up the measure, all four of the property categories met or exceeded the 95 per cent compliance target: improved residential 97 per cent, improved non-residential 98 per cent, vacant residential 95 per cent, and vacant non-residential 98 per cent.

The results show that a vast majority of municipalities are achieving compliance with the *Municipal Government Act* and the quality standards in the Matters Relating to Assessment and Taxation Regulation.

Financial Information for Core Business 1

Local Government Services

Fiscal 2003 Actual Compared to Fiscal 2003 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 86 of the annual report), Local Government Services can be shown as follows:

	2002-03 Estimates	Authorized Supplementary	2002-03 Authorized Budget	2002-03 Actual Expenses	Unexpended (Over-Expended)
Local Government Services					
Division support					
- Operating expense	$ 3,977	$ —	$ 3,977	$ 3,045	$ 932
Municipal services	7,780	—	7,780	6,506	1,274
Assessment services	5,909	—	5,909	5,925	(16)
Unconditional municipal grant					
- Operating expense	10,626	—	10,626	9,486	1,140
- Operating expense funded by lotteries	28,000	—	28,000	28,000	—
Municipal debenture interest rebate program	8,950	—	8,950	8,616	334
Grants in place of taxes	28,839	—	28,839	26,809	2,030
Financial support to local authorities	1,001	—	1,001	1,531	(530)
Municipal sponsorship					
- Operating expense	500	—	500	1,484	(984)
- Operating expense funded by lotteries	12,000	—	12,000	12,000	—
	$ 107,582	**$ —**	**$ 107,582**	**$ 103,402**	**$ 4,180**

Operating Expenses

Local Government Services incurred expenses of $103.402 million and came in under the $107.582 million authorized budget by $4.18 million or 3.9 per cent. The unexpended budget largely resulted from the timing of various contractual commitments and lower grants in place of taxes due to a smaller portfolio of provincially owned properties. The unexpended unconditional municipal grant budget resulted from certain municipal restructurings not proceeding as planned. However, these and other unexpended funds were redeployed to fund grants in financial support of local authorities and to municipalities under the Municipal Sponsorship Program. The remaining unexpended budget dollars were redeployed to meet funding pressures in the core businesses of Safety Services and Disaster Services.

The Expense by Core Business report (page 23 of the annual report) includes the indirect allocation of the Ministry support services expenses and the valuation adjustments.

	2002-03 Estimates	Authorized Supplementary	2002-03 Authorized Budget	2002-03 Actual Expenses	Unexpended (Over-Expended)
Local Government Services					
Division support					
- Capital investment	$ 820	$ —	$ 820	$ 607	$ 213

Capital Expenditure

Local Government Services incurred expenditures of $.607 million and came in under the $.820 million budget by $.213 million or 26 per cent. The development of information technology applications, pursuant to government accounting policy, are to be recognized as capital assets when they exceed $100,000 in costs. The unexpended budget resulted from certain information technology developments, budgeted as capital assets, coming in at less than the $100,000 threshold.

Fiscal 2003 Actual Compared to Fiscal 2002 Actual (thousands of dollars)

	2002-03	2001-02	Decrease
Local Government Services	$ 103,402	$ 106,110	$ (2,708)

As reported on the Statement of Operations (page 71 of the annual report), Local Government Services incurred $103.402 million in fiscal 2003 operating expenses compared to $106.110 million in fiscal 2002. The result was a decrease of $2.708 million or 2.6 per cent. The continued down-trend in municipal debenture interest rebate subsidies, the reduction in one-time grants to local authorities and the take-up of the voluntary severance packages in fiscal 2002 largely contributed to the year-over-year decrease.

Core Business 2 – Safety Services and Fire Protection

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Results

Appropriate codes and standards

- Conducted a public consultation on technical requirements for secondary suites.
- Participated in the development and promotion of a public consultation on technical requirements and the objective-based format for the 2005 national building, fire and plumbing codes.

Codes and standards are applied uniformly, effectively and efficiently

- Participated in the ongoing development and strengthening of the National Public Safety Advisory Committee as a forum for promoting greater uniformity and consistency in codes and standards.
- Developed a tool for the electronic distribution of technical bulletins. The service was made available on Municipal Affairs' Web site in May of 2003.
- Concluded the Safety System Review that was conducted with the goal of improving public safety as administered under the *Safety Codes Act*. Many of the strategies and actions proposed during the review form part of the Ministry and Safety Codes Council's activities and business plans. The review's final report is a long-term strategic document that will guide our safety system, ensuring a high degree of public confidence in it for future generations.
- Worked with the Safety Codes Council to implement the Electronic Permit System. By the end of March 2003, 35 municipalities had already begun using the system. Accredited municipalities and agencies throughout the province are using the system to improve the delivery of permit and inspection services. The system is also being used to manage and measure the performance of accredited municipalities and corporations in their administration of the *Safety Codes Act*.
- Partnered with the Alberta Association of Municipal Districts and Counties, the Alberta On-site Wastewater Contractors Association and the Safety Codes Council to develop improvements to private sewage installer training and develop control processes for private sewage disposal systems (PSDS). Installers are being trained in technical standards and PSDS technology.
- Led a cross-government task force to examine the framework for managing location information on buried infrastructure, for example, underground utilities such as water lines and electrical, gas and telecommunications infrastructure.
- Developed and concluded improved administration agreements with two delegated administrative organizations: the Alberta Boilers Safety Association and the Alberta Elevating Devices and Amusement Rides Safety Association.

BUSINESS PLAN KEY RESULTS

Access to quality training for fire departments in a format allowing for maximum participation

Reduced personal and property loss resulting from preventable fires

- Started winding down the Propane Vehicle Administration Organization (a delegated administrative orgnization) at its request due to reduced program demand for propane conversion certification.
- Administered a grant program with the Safety Codes Council to assist 930 owners of underground petroleum storage tank sites with environmental site assessments and remediation of sites to bring them up to environmental standards. By year end, more than one-third of the sites participating in the Underground Petroleum Storage Tank Site Remediation Program had been remediated to the prescribed standards and the remainder were in the process of being remediated.
- Provided $50,000 to *fire etc.* (previously the Alberta Fire Training School) to conduct 16 training courses for safety codes officers.
- Provided $450,000 to 171 municipalities for fire service training through the Municipal Sponsorship Program.
- Coordinated the province-wide Risk Watch Implementation Network to promote and maintain the teaching of *Risk Watch*, a comprehensive school-based injury prevention program for children in Kindergarten to Grade 8.
- Completed two projects to establish links between the learning outcomes of Alberta Learning's Health and Life Skills Curriculum as well as other programs of study and the *Risk Watch* program. Also worked with Alberta Learning to include *Risk Watch* as a teaching resource in the *Health and Life Skills Guide to Implementation* document released in December 2002.
- Created a new *Risk Watch* Web site to keep all stakeholders promoting *Risk Watch* up to date. Plans are under way to include an interactive section on this site where children can learn more about safety.
- Assisted the Risk Watch Champion Management Team in the development of *Risk Watch* pilot studies that will be implemented in five Alberta communities starting in September 2003.
- Registered 221 of the approximately 360 municipalities in the province on the Fire Electronic Reporting System, an agreement to report fires to the Fire Commissioner's Office electronically. Currently, 69 users from participating municipalities have signed an online agreement and have started reporting fire incidents when they occur. The new electronic fire reporting system is expected to reduce data-entry time at the Fire Commissioner's Office while increasing data accuracy. The reporting of fires increases the Fire Commissioner's ability to offer accurate and meaningful statistics to help municipalities develop fire protection master plans.
- Revamped the Fire Commissioner's Annual Statistical Report into a user-friendly format. The new format contains images of actual fire incidents during the reporting period and was designed to support and enhance fire prevention programs by municipal fire departments.

BUSINESS PLAN KEY RESULTS

Reduced personal and property loss resulting from preventable fires

- Promoted public fire safety campaigns such as Fire Prevention Week, Burn Awareness Week, and the Summer Fire Safety and Holiday Fire Safety campaigns through partnerships with municipal fire departments, industry, elementary schools and the media. A contest conducted by the Fire Commissioner's Office awarded prizes and plaques to recognize excellence in coverage of Fire Prevention Week by members of the Alberta Weekly Newspaper Association. Meanwhile, *Alberta Fire News*, a newsletter published three times a year, and other fire protection publications kept the public and stakeholders aware of current fire issues and trends in the province.
- Provided fire safety displays such as *Home Fire Safety – It's as Easy as 1-2-3* to fire departments, schools, the Alberta Teachers' Association, the hospitality industry and others for use in fire prevention education.
- Partnered with McDonald's Restaurants of Canada to produce more than 165,000 children's fire prevention activity booklets for grades 4 to 6 and distributed them to schools through local fire departments. Prizes and awards for winning activity booklet entries included becoming fire chief for a day, a home computer co-sponsored by the Fire Commissioner's Office and the Alberta Fire Chiefs Association, and other locally determined gifts. Cash prizes were also awarded to the classroom teacher and school of the grand prize winner.

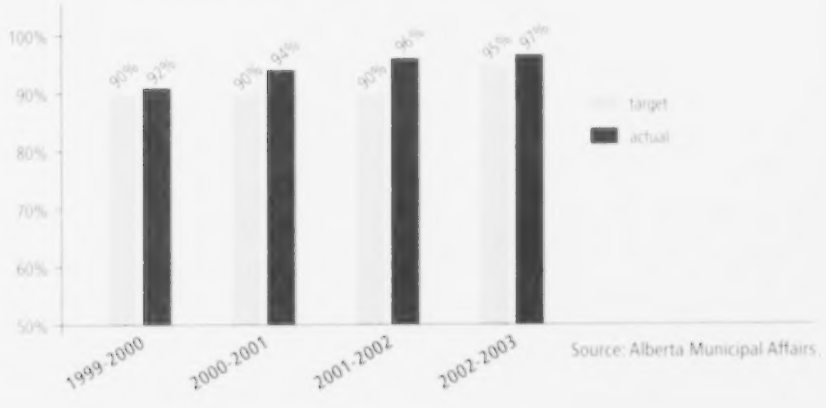
Performance Measure

Measure: The percentage of assessed accredited municipalities, corporations, agencies and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating

Target: 95 per cent

Actual Result: 97 per cent

Satisfactory administration of the Safety Codes Act



Source: Alberta Municipal Affairs.

Analysis

Agencies – Satisfactory ratings were achieved by 100 per cent of the accredited agencies under contract with the department. Continued emphasis on contract compliance with accredited agencies and the initiation of the Electronic Permitting System has resulted in some agencies choosing not to renew contracts.

Municipalities – 97 per cent of the 221 accredited municipalities reviewed achieved satisfactory performance ratings, an improvement from the previous year. The Ministry continues to see steady improvement in the consistency with which accredited municipalities are fulfilling their responsibilities.

Corporations – 97 per cent of the 74 accredited corporations reviewed achieved satisfactory performance ratings, an improvement from the previous year. The number of accredited corporations has increased compared to last year, showing that there is strong support for the program.

Delegated Administrative Organizations (DAOs) – Three of the four DAOs reviewed achieved satisfactory performance ratings. During the year, the department has been working with the fourth DAO, the Alberta Propane Vehicle Administration Organization, to wind-down operations and transfer the propane conversion program back to the department. This is the result of a decline in vehicle conversions over the past several years.

Overall – Safety Services exceeded its target of 95 per cent in 2002-03 with a result of 97 per cent. This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations are effective in administering safety programs.

This year's results show the ongoing effectiveness of the risk-focused monitoring and mentoring programs through which the branch stimulates continuous improvement. The performance of individual accredited organizations is used on a routine basis to direct mentoring and other improvement activities throughout the year.

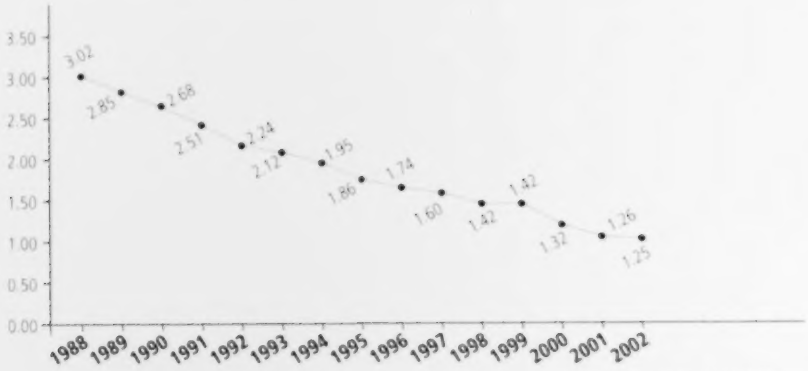
Performance Measure

Measure: Fire deaths per 100,000 population (10-year moving average)

Target: Less than or equal to 2001-02 result of 1.26 fire deaths per 100,000 population

Actual Result: 1.25 fire deaths per 100,000 population

Fire deaths per 100,000 population



Source: Alberta Municipal Affairs

Note: There were 43 fire deaths in 2001. This figure is four deaths in excess of the 39 deaths recorded in the Fire Commissioner's Office fire database. The four deaths were entered into the database after the 2002 audit due to late reporting and difficulties encountered by data-entry staff at the Fire Commissioner's Office in verifying the causes of these four deaths from reporting agencies.

Analysis

The target was achieved, in that the 2002-03 fire death rate (10-year moving average) of 1.25 is less than the previous year's fire death rate (10-year moving average) of 1.26. The graph above illustrates the reduction in the 10-year moving average death rate over the last 15 years.

The Fire Commissioner's Office conducted a wide range of activities in support of achieving this measure. The result indicates that programs and initiatives of the Fire Commissioner's Office are having a positive effect over the long-term.

Financial Information for Core Business 2

Safety Services and Fire Protection

Fiscal 2003 Actual Compared to Fiscal 2003 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 86 of the annual report), Safety Services can be shown as follows:

	2002-03 Estimates	Authorized Supplementary	2002-03 Authorized Budget	2002-03 Actual Expenses	Unexpended (Over-Expended)
Safety Services and Fire Protection					
Program management	$ 356	$ —	$ 356	$ 608	$ (252)
Technical services	2,367	—	2,367	2,038	329
Regional management	2,483	—	2,483	2,479	4
Fire Commissioner	1,112	—	1,112	1,260	(148)
Underground petroleum storage tanks	—	10,000	10,000	12,487	(2,487)
Assistance for municipal emergency response training	1,000	—	1,000	1,000	—
	$ 7,318	**$ 10,000**	**$ 17,318**	**$ 19,872**	**$ (2,554)**

Safety Services incurred expenses of $19.872 million and came in over the authorized budget of $17.318 million by $2.554 million or 14.7 per cent.

A $10 million supplementary estimate was approved in the spring legislative session to fund revised commitments associated with agreements entered into before March 31, 2002 with third parties for the remediation of underground petroleum storage tank sites. The redeployment of unexpended budget dollars from Local Government Services was also used to fund these revised commitments.

The Expense by Core Business report (page 23 of the annual report) includes the indirect allocation of the Ministry support services expenses, the Public Safety Division support expenses and the valuation adjustments.

Fiscal 2003 Actual Compared to Fiscal 2002 Actual (thousands of dollars):

	2002-03	2001-02	Decrease
Safety Services	$ 19,872	$ 44,579	$ (24,707)

As reported on the Statement of Operations (page 71 of the annual report), Safety Services incurred $19.872 million in fiscal 2003 operating expenses compared to $44.579 million in fiscal 2002. The result was a decrease of $24.707 million.

The take-up of the voluntary severance packages in fiscal 2002 and the March 31, 2002 expiry of the Underground Petroleum Storage Tank Site Remediation Program largely contributed to the year-over-year decrease.

On the Statement of Operations, the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and Disaster Services core businesses.

Core Business 3 – Disaster Services/EMA (Emergency Management Alberta)

Goal 5: A disaster services program that enhances and supports local emergency preparedness for major emergencies and disasters

Timely and effective response to disasters and emergencies

- Launched EMA (Emergency Management Alberta) as the branch responsible for crisis and consequence management in the province, replacing Alberta Disaster Services.
- Implemented two Disaster Recovery Programs for floods: the 2002 West Central Alberta Disaster Recovery Program and the 2002 Southern Alberta Disaster Recovery Program. These programs provided financial assistance to 2,319 eligible applicants.
- Allocated $1.4 million to municipalities in north-central Alberta that incurred extraordinary emergency operations costs because of wildfire (e.g., evacuation and other non-firefighting expenses).
- Established a Crisis Management Unit that developed the Alberta Counter-Terrorism Crisis Management Plan to protect Albertans from potential terrorist activities.
- Completed critical infrastructure lists for the energy, water, health and agriculture sectors. Also completed preliminary work for 10 other sector security plans.
- Conducted a provincial government conference in partnership with the Alberta Solicitor General to introduce Alberta's crisis management process to key partners in first-response organizations, the private sector, and all orders of government. Conference participants learned their roles in protecting the province against terrorism and provided input based on their expertise.
- Expanded Alberta's Emergency Public Warning System to the Red Deer area in May 2002, and to the Lethbridge region in February 2003.
- Provided a one-time grant of $450,000 for the purchase of $1.8 million in equipment that detects and protects against possible chemical, biological, radiological and nuclear threats. Municipal Affairs coordinated a plan with seven municipalities to access federal funding for the purchase of this counter-terrorism equipment. Edmonton, Calgary, the Regional Municipality of Wood Buffalo, Red Deer, Grande Prairie, Lethbridge, and Medicine Hat will maintain the equipment and assist other communities that need it during emergencies.
- Developed and implemented emergency management training standards to assist municipalities with planning, conducting and evaluating emergency management exercises and training. The standards define the requirements for training funded under the emergency management training grant initiative.

BUSINESS PLAN KEY RESULTS

Timely and effective response to disasters and emergencies

- Provided $370,000 under the Municipal Sponsorship Program for the delivery of emergency management training to 54 municipalities, and $138,000 for ground search and rescue training to 15 municipalities. Approximately 2,500 municipal officials and 950 ground search and rescue volunteers were trained.
- Developed, in partnership with Alberta Sustainable Resource Development, the Municipal Wildfire Assistance Program that was launched in April 2003. The Municipal Wildfire Assistance Program assists municipal governments with the cost of fighting wildfires and limits the financial burden on local taxpayers when wildfires affect their communities. The program is designed so that municipalities pay a base firefighting cost of $25 per resident, and the Alberta Government covers 75 per cent of the remaining firefighting costs.
- Exceeded the target set for 2002-03 of ensuring the completion of business resumption plans for 10 departments. Thirteen plans were completed and three partial business resumption plans were submitted to EMA.
- Made significant progress in implementing the Government of Alberta's Business Continuity Strategy, including establishing a permanent cross-government coordination team.
- Developed, implemented and directed the government emergency management contingency plan for the G8 Summit.
- Updated the Upstream Petroleum Incident Support Plan after extensive review and validation by a major exercise involving the petroleum industry and municipal and provincial governments.
- Led the design and implementation of the new Emergency Notification System to notify all orders of government and the private sector in the event of a change in the level of threat to security for Alberta.
- Continued to work with municipalities, Metis settlements and other partners to develop and test their emergency plans and enhance emergency preparedness.
- Helped Alberta's 46 First Nations develop, validate, update and exercise emergency operations plans. Assistance was also provided to deliver training programs to improve emergency preparation.
- Completed a review of the province's emergency plan.
- Worked with the federal Office of Critical Infrastructure Protection and Emergency Preparedness to review the disaster financial assistance arrangements to achieve consistency in interpretation and delivery across Canada.

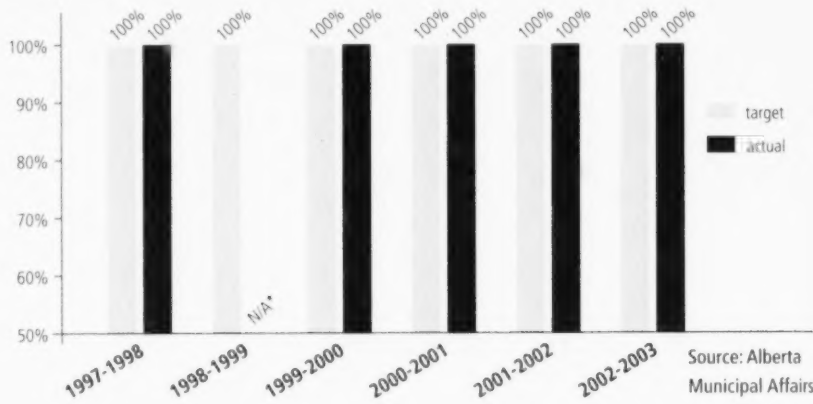
Performance Measure

Measure: Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received

Target: 100 per cent

Actual Result: 100 per cent

Disaster claims within 30 days



Source: Alberta Municipal Affairs

*As there were no disasters warranting a disaster recovery program in 1998-99, there is no data to report on the measure for this year.

Analysis

Heavy rainfall in southern Alberta in June 2002 caused extensive overland flooding. A disaster recovery program was approved to assist Albertans with uninsurable losses and a total of 3,073 claims were made, of which 2,274 were eligible.

Heavy rainfall in the Edson area on August 29, 2002 also resulted in overland flooding. A disaster recovery program was approved to assist residents and small businesses affected by the flood. There were 45 eligible claims under this program.

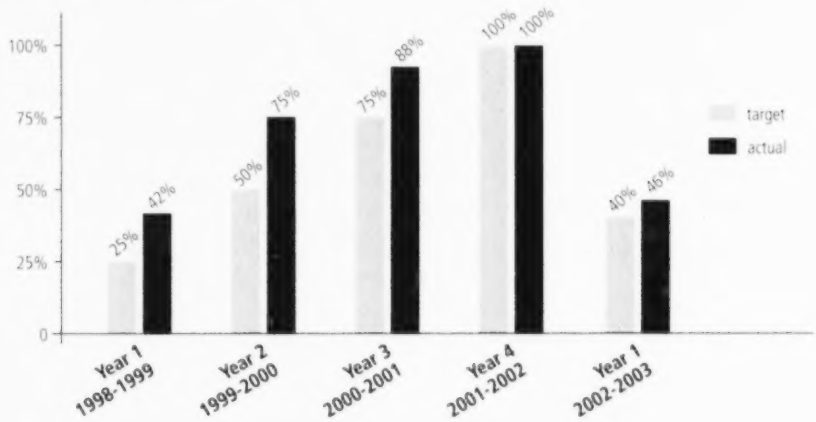
Performance Measure

Measure: Level of preparedness testing as measured by the cumulative percentage of municipalities required to have emergency plans under the *Disaster Services Act*, that test their emergency plans through exercises within a four-year cycle

Targets for four-year cycle

Year 1		
2002-03:	Target – 40 per cent	Actual – 46 per cent
Year 2		
2003-04:	Target – 70 per cent	Actual –
Year 3		
2004-05:	Target – 85 per cent	Actual –
Year 4		
2005-06:	Target – 100 per cent	Actual –

Emergency preparedness testing



Source: Alberta Municipal Affairs

Analysis

Targets are normally exceeded in the first two years of a cycle due to a number of municipalities choosing to exercise their plans on at least an annual basis. Targets were further exceeded this year as a result of two additional factors: the increased interest in preparedness based on world events and the real events of the floods in southern Alberta and the G8 Summit in June 2002. These real events resulted in many more municipalities reviewing, exercising and activating their municipal emergency plans. The resultant benefit will be that district officers will be able to spend more time with those municipalities that require extra assistance in developing and conducting exercises.

Financial Information for Core Business 3

Disaster Services

Fiscal 2003 Actual Compared to Fiscal 2003 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 86 of the annual report), Disaster Services can be shown as follows:

	2002-03 Estimates	Authorized Supplementary	2002-03 Authorized Budget	2002-03 Actual Expenses	Unexpended (Over-Expended)
Disaster Services					
Branch management and programs - Operating expense	$ 2,610	$ —	$ 2,610	$ 4,033	$ (1,423)
Disaster recovery	845	19,085	19,930	20,229	(299)
	$ 3,455	**$ 19,085**	**$ 22,540**	**$ 24,262**	**$ (1,722)**

Operating Expenses

Disaster Services incurred expenses of $24.262 million and came in over the authorized budget of $22.54 million by $1.722 million or 7.6 per cent.

The over-expended $1.423 million is largely due to the establishment of a new Crisis Management Unit and furniture and office equipment costs for the new Emergency Management Alberta Operations Centre. The redeployment of unexpended budget dollars from Local Government Services was used to fund these requirements.

Supplementary estimates were approved in the fall and spring legislative sessions for $17.685 million and $1.4 million respectively to fund the disaster claims and associated administration costs resulting from the fiscal 2003 floods and fires. The redeployment of unexpended budget dollars from Local Government Services was used to fund the over-expended $.299 million.

The Expense by Core Business report (page 23 of the annual report) includes the indirect allocation of the Ministry support services expenses, the Public Safety Division support expenses and the valuation adjustments.

	2002-03 Estimates	Authorized Supplementary	2002-03 Authorized Budget	2002-03 Actual Expenses	Unexpended (Over-Expended)
Disaster Services					
Branch management and programs - Capital investment	$ —	$ —	$ —	$ 182	$ (182)

The capital expenditures of $.182 million relate to the development of the emergency management information system and related hardware. The redeployment of unexpended budget dollars from Local Government Services was used to fund these requirements.

Fiscal 2003 Actual Compared to Fiscal 2002 Actual (thousands of dollars)

	2002-03	2001-02	Increase
Disaster Services	**$ 24,262**	**$ 5,682**	**$ 18,580**

As reported on the Statement of Operations (page 71 of the annual report), Disaster Services incurred $24.262 million in fiscal 2003 operating expenses compared to $5.682 million in fiscal 2002. The result was an increase of $18.58 million.

The disaster claims and associated administration costs resulting from the fiscal 2003 floods and fires, the establishment of a new Crisis Management Unit, the full-year impact of the Business Resumption Planning Unit, and furniture and office equipment costs for the new Emergency Management Alberta Operations Centre all contributed to the year-over-year increase.

On the Statement of Operations the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and Disaster Services core businesses.

Core Business 4 – Municipal Government Board

Goal 6: An independent appeal system that issues timely and impartial decisions of high quality

Results

Timely processing of appeals

- Applied advanced case management to complex appeals involving hotels, large malls, and linear and exempt properties. This resulted in more timely scheduling and hearing of appeals.
- Worked with assessors, agents and assessment review board representatives in the cities of Edmonton and Calgary to implement new initiatives for cooperative scheduling of appeals by all parties.
- Used one-member panels for all appeals eligible for this process and applied advanced appeal management to problem appeals.

High quality, independent decisions and solutions

- Conducted three three-day and two one-day workshops for board members focusing on teamwork, performance measures, legislation, assessment issues and processes, questioning techniques, and decision-making processes.
- Completed an annual review for property and subdivision appeal stakeholders and held an annual workshop for linear property stakeholders.

Municipal Government Board Caseload

	1998	1999	2000	2001	2002
Property Assessment	1,720	8,130	6,553	4,666	5,236
Linear Assessment	6,787	11,885	9,221	11,480	11,950
Equalized Assessment	6	3	2	2	1
Subdivision	31	27	35	36	53
Annexations	10	20	10	20	10
Disputes	3	2	2	0	1
Re-hearings/Reviews	16	14	17	12	7
Number of Written Decisions	304	250	272	281	248
Number of Hearings	524	883	1,035	1,147	1,158

Source: Municipal Government Board

The Municipal Government Board is a quasi-judicial tribunal that provides parties with reasonable access to the tenets of natural justice with respect to the matters within its jurisdiction. The board's performance measures are always subject to the overriding requirements of natural justice.

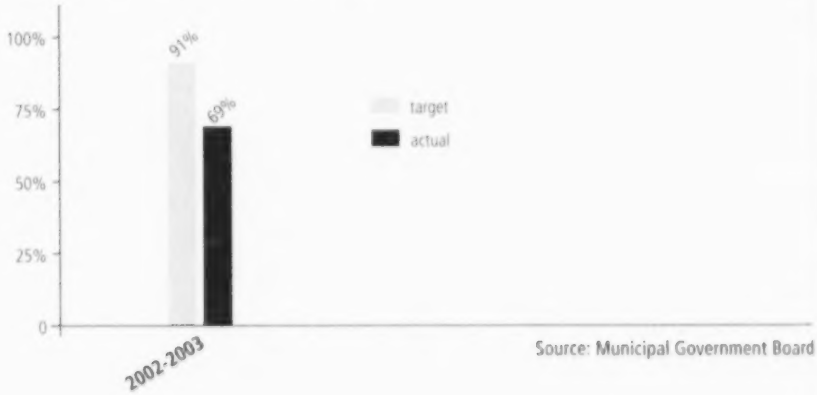
Performance Measure

Measure: Percentage of property appeals heard within 150 days of receipt of completed appeal applications

Target: 91 per cent

Actual Result: 69 per cent

Property appeals heard within 150 days



Source: Municipal Government Board

Analysis

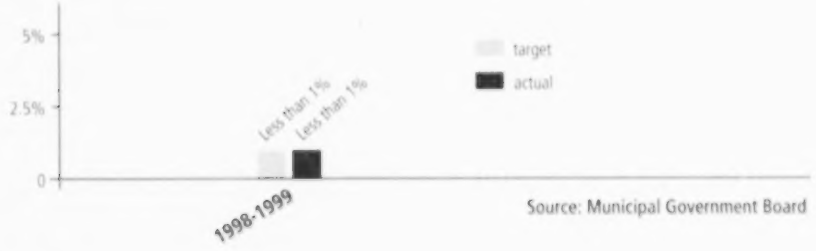
The MGB found it was not possible to achieve its 150-day objective because parties to the appeals were not available to attend hearings due to attendance requirements at the local Assessment Review Boards (ARBs). This caused delays in scheduling MGB hearings and led to hearings not being able to be held within the 150 days set out in this measure. Since it is the first year that this measure has been established, the result provides the MGB with a good base for setting future targets or projections and working with parties to resolve scheduling conflicts with ARBs.

Measure: Percentage of decisions that are successfully challenged in the courts or through Section 504 of the *Municipal Government Act*

Target: Less than 1 per cent

Actual Result: Less than 1 per cent

Municipal Government Board decisions successfully challenged



Source: Municipal Government Board

Analysis

The MGB achieved its objective of less than 1 per cent in 1998-99*. There were 1,589 property appeals decided by written decision and 2,196 by oral decision for a total of 3,785 decisions. There were a further 28 decisions made on subdivision appeals for a combined total of 3,813 decisions. This total number is reduced by 421 for the number of appeals withdrawn prior to the appeals being heard. The total number of appeals that could have been appealed to the courts or in which rehearing requests could have been made for the fiscal period was 3,392.

For all decisions of the MGB during this period, 25 appeals of MGB decisions were made to the courts and 14 rehearing requests were received by the MGB. For the 25 made to the courts seven appeals went against the MGB and two supported the MGB decision. Fifteen were withdrawn, discontinued or abandoned by the parties or dismissed by the courts, and one is still outstanding. Of the 14 rehearing requests received four were granted rehearings, eight were denied, one was withdrawn and one was deemed to be still open or active, thus not requiring a rehearing.

Therefore, of the 3,392 decisions of the MGB, a total of 11 decisions were either overturned or ordered to be reheard through court decisions or rehearings. This is .32 per cent, which is less than the 1 per cent set out as the target for this measure.

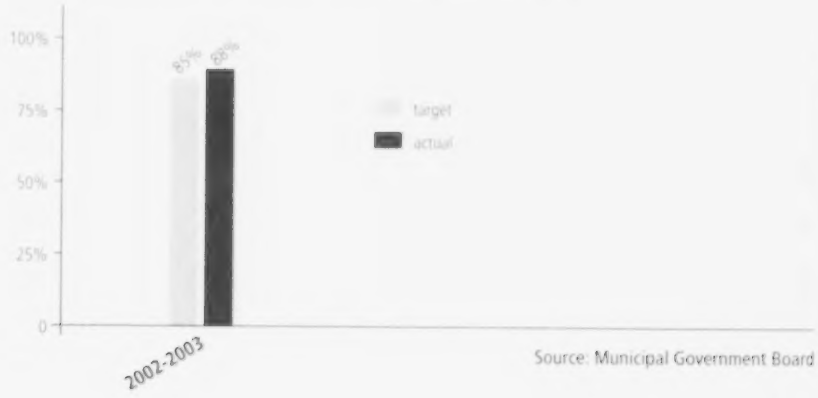
*Most recent date all completed cases available

Measure: Percentage of stakeholders who feel they received fair, unbiased hearings

Target: 85 per cent

Actual Result: 88 per cent

Stakeholder satisfaction with Municipal Government Board



Source: Municipal Government Board

Analysis

The results of the two surveys give the MGB a fair opportunity for determining stakeholder opinions on the MGB's performance in providing quality hearings and hearing environments that are fair and unbiased.

The MGB achieved its stakeholder satisfaction target in 2002-03. Through survey responses clients stated they are satisfied they received a fair hearing of their appeals regardless of the decision of the MGB. The responses exceeded the 85 per cent target. The 88 per cent result was calculated from responses received to the five response categories as follows: 35.7 per cent "all of the time," 31.4 per cent "most of the time," and 20.7 per cent "usually" for a total calculated as "satisfied" of 88 per cent. The remaining categories are 7.2 per cent "seldom" and 5 per cent "never," bringing the response total to 100 per cent.

Financial Information for Core Business 4

Municipal Government Board

Fiscal 2003 Actual Compared to Fiscal 2003 Budget (thousands of dollars)

	2002-03 Estimates	Authorized Supplementary	2002-03 Authorized Budget	2002-03 Actual Expenses	Unexpended (Over-Expended)
Municipal Government Board	$ 2,641	$ —	$ 2,641	$ 2,520	$ 121

As reported on the Statement of Operations (page 71 of the annual report), the Municipal Government Board incurred expenses of $2.52 million and came in under the $2.641 million budget by $.121 million or 4.6 per cent. The unexpended budget largely resulted from a lower than expected need for the utilization of other professional services. The unexpended budget dollars were redeployed to meet funding pressures elsewhere within the Ministry.

The Expense by Core Business report (page 23 of the annual report) includes the indirect allocation of the Ministry support services expenses and the valuation adjustments.

Fiscal 2003 Actual Compared to Fiscal 2002 Actual (thousands of dollars)

	2002-03	2001-02	Increase
Municipal Government Board	$ 2,520	$ 2,354	$ 166

As reported on the Statement of Operations, the Municipal Government Board incurred $2.52 million in fiscal 2003 expenses compared to $2.354 million in fiscal 2002. The result was an increase of $.166 million or 7.1 per cent. Normal salary and wage adjustments together with an approved increase in board member honoraria payments contributed to the year-over-year increase.

FUTURE CHALLENGES

Sustainable municipal funding

Sustainable funding for municipalities continues to be a significant challenge for our Ministry. The Minister's Provincial/Municipal Council on Roles, Responsibilities and Resources in the 21st Century will allow municipalities to address increasing service pressures and infrastructure demands.

Growth pressures

Many Alberta municipalities are experiencing unprecedented growth creating challenges in building and maintaining the infrastructure required to adequately serve local residents and businesses. The Ministry is identifying the high-growth areas and determining coordinated government strategies for addressing community needs.

Climate change

In December 2002, the federal government formally supported the Kyoto Protocol to reduce greenhouse gas emissions. Meanwhile, Alberta developed a *Climate Change Action Plan* that our Ministry is committed to following. We are working on ways to encourage our partners in municipalities and the safety system to adopt more environmentally friendly operations.

Emergency management

World events have emphasized the need to enhance existing provincial government emergency management. We are establishing a new Emergency Management Alberta Operations Centre for the provincial government, with expanded capability to deal with potential threats.

Codes and standards

Advances in design and construction technology are driving the need for new performance-based solutions and the move from prescriptive to objective-based codes and standards. We are participating in reviews and preparing for the code changes to come.

AUDITOR GENERAL
Alberta

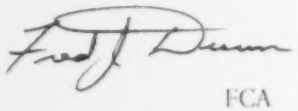
Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly

In connection with the Ministry of Municipal Affairs' key performance measures included in the *2002-2003 Annual Report of the Ministry of Municipal Affairs* I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the key performance measures, as well as targets, agree to and include results for all the measures presented in Budget 2002.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the key performance measures included in the *2002-2003 Annual Report of the Ministry of Municipal Affairs.*



FCA
Auditor General

Edmonton, Alberta
August 1, 2003

KEY PERFORMANCE MEASURES

The following information is a summary of what is provided to the Auditor General's Office on Municipal Affairs' performance measure audits.

Goal 1: An effective, responsive, cooperative and well-managed local government sector

Core business: Local Government Services

Performance Measure

Level of satisfaction with the Local Government Services Division's activities, services, and programs, in enabling and promoting a cooperative and well-managed local government sector

Relevance of Measure to Goal

Stakeholder satisfaction rates are a strong indicator of the effectiveness of Municipal Affairs' activities, services, programs and legislative framework. Such activities, services, and programs enable, promote and support an effective, responsive, cooperative and well-managed local government sector.

Targets

2002-03:	Target – 78 per cent	Actual – 100 per cent
2001-02:	Target – 77 per cent	Actual – 100 per cent
2000-01:	Target – 75 per cent	Actual – 75 per cent

To meet or exceed the 2002-03 target, seven of the eight units have to meet their individual targets.

Data Source

The stakeholder satisfaction survey data for the measure is drawn from questions on overall satisfaction contained in a Municipal Affairs' client satisfaction survey conducted by a private research firm.

The performance measure analyzes attainment of established targets for each of the units of the Municipal Services Branch and the Assessment Services Branch of the Local Government Services Division. Stakeholder satisfaction is compiled for the eight units.

Methodology

A comprehensive and specific e-mail/web-based/telephone survey was administered to all identified stakeholders. The survey measured stakeholder overall satisfaction with each of the Local Government Services' units. The questionnaire for each client group was structured to

include sections of questions about various types of services relevant to that client group. Stakeholders only provided comment on those units with which they had contact.

The satisfaction scale used is a five-point, anchored satisfaction scale (very dissatisfied, somewhat dissatisfied, neither satisfied nor dissatisfied, somewhat satisfied and very satisfied). The scale that was used has a neutral midpoint, which can be a legitimate response.

Chief administrative officers (CAOs), chief elected officials (CEOs), municipal assessors and chief financial officers (CFOs) of municipalities, as well as other stakeholders were surveyed. Their responses were given equal weight in the final calculation of the overall satisfaction for each of the units surveyed. Each survey question result is tabulated by type (e.g., CEO, CAO, or assessor). The data is summarized for each question. The un-weighted satisfaction scores of all the questions are tallied against the total number surveyed to determine the overall satisfaction. Any response of somewhat satisfied and very satisfied is counted as a satisfied response for the performance measure.

The measure was calculated based on the percentage of the units within Local Government Services that achieved their performance targets. The performance targets for each unit were based upon established benchmarks for performance. The performance targets were derived from former measure's surveys, which this measure has replaced. The performance targets used in the calculation of the overall performance are outlined below.

Units within Local Government Services that achieved their performance targets

	Target by Unit	Result Attained	Met Target (Yes/No)
Local Government Issues Unit	80 per cent overall satisfaction	95 per cent	Yes
Legislative Projects Unit	80 per cent overall satisfaction	90 per cent	Yes
Planning and Coordination Unit	80 per cent overall satisfaction	92 per cent	Yes
Grants and Administration Unit	81 per cent overall satisfaction	96 per cent	Yes
Linear Property Assessment Unit	65 per cent overall satisfaction	77 per cent	Yes
Assessment Audit Unit	65 per cent overall satisfaction	78 per cent	Yes
Assessment and Property Tax Policy Unit	70 per cent overall satisfaction	79 per cent	Yes
Education Tax and Equalized Assessment Unit	74 per cent overall satisfaction	86 per cent	Yes
Percentage of Units Meeting Their Targets	78 per cent of the units meet their targets	100 per cent	Yes

Core business: Local Government Services

Goal 2: Financially sustainable and accountable municipalities

Performance Measure

Percentage of municipalities meeting Ministry's criteria of financial accountability

Relevance of Measure to Goal

The source for the measure is the *Municipal Government Act* (MGA). The MGA does not contain a definition of "financial accountability." However, there are legislated limits that, if consistently exceeded, would indicate major financial management stress, if not failure. These key criteria include:

- **Section 244:** sets a criterion that if the sum of the three previous years operating results place the municipality in a deficit position, that has to be rectified in the fourth year
- **Section 252:** sets limits on municipal debt (debt and debt service) as defined under section 271
- **Section 278:** obligates the municipality to submit standardized financial reports and financial statements by defined dates
- **Section 282:** provides the Minister with the power to appoint an auditor to review the financial affairs of the municipality

Exceeding any one of the limits does not necessarily imply a lack of accountability. However, a pattern of problems with exceeding the limits regularly or not addressing the associated problems proactively may indicate financial or other viability issues.

The measure is calculated based on a points system, which weights the criteria. Municipalities exceeding 100 points are considered not to have met the criteria for municipal financial accountability. The scoring system used serves as a proxy measure. Scores of 100 points or more would be a definite indicator of a loss of financial accountability.

Targets

These results are reported based upon a calendar year, which is the fiscal year for municipalities. The results reported are from the calendar year prior to the fiscal year in which they are reported, so for 2002-03 annual reporting, Municipal Affairs reports on the municipalities' 2001 calendar year.

2002-03:	Target – 95 per cent	Actual – 98 per cent
2001-02:	Target – 95 per cent	Actual – 98 per cent
2000-01:	Target – 90 per cent	Actual – 99 per cent*

* The result for 2000-01 has been restated from 98 per cent to 99 per cent due to an adjustment to the methodology for 2001.

Data Source

The data used for this measure is drawn from two sources in the department: the Municipal Advisory Services Unit, and the Grants and Administration Unit. The information provided by the Municipal Advisory Services Unit relates to sections 244, 252 and 282. This information was previously provided by the Local Government Issues Unit. The information drawn from the Grants and Administration Unit relates to section 278. The information is collected for administrative purposes as well as for tabulating this measure.

Methodology

The data is extracted from the Municipal Financial Information System using Access to compile the data in spreadsheet form. Predefined points are assessed for exceeding the limits established for the 16 criteria outlined in the four sections of the *Act*.

In 2001, the calculation of the Section 244 points was adjusted to more accurately reflect the department's application of the section. This change necessitated a re-calculation and a one percentage point change in the result attained for the 2000-01 reporting year. Please refer to the targets section to review the re-calculated result.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Performance Measure

Core business: Local Government Services

Percentage of municipal assessment rolls which meet the provincial standards for procedures, uniformity and equity

Relevance of Measure to Goal

This performance measure is a statistical indicator of the overall level of compliance with the quality standards in the Matters Relating to Assessment and Taxation Regulation of the *Municipal Government Act*.

Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.9 and 1.1.

The department's role is to verify the assessment levels reported by the municipalities and monitor the quality of property assessments carried out by municipalities to ensure that a municipality's assessment is a fair basis for internal equity as well as intermunicipal cost-shared programs, such as education. This is important in an environment where the preparation of assessments has been decentralized and is now performed by municipal contractors and employees.

The objective of the annual audit is to verify whether municipal assessments meet regulated quality standards as defined in the Matters Relating to Assessment and Taxation Regulation.

The measure captures the percentage of municipal assessment rolls where the assessment value to indicated market value ratios fall within a prescribed range of 0.9 to 1.1.

Targets

2002-03:	Target – 95 per cent	Actual – 97 per cent
2001-02:	Target – 95 per cent	Actual – 96 per cent
2000-01:	Target – 95 per cent	Actual – 95 per cent
1999-00:	Target – 95 per cent	Actual – 97 per cent

Data Source

Under the Assessment Audit Program, Municipal Affairs communicates assessment standards, audits municipal assessments to determine compliance with the standards, and verifies the assessment levels used to prepare the equalized assessment.

No later than April 1 of each year, all municipalities are required to supply assessment-to-market ratios and supporting assessment and sales data in a standard format. The Assessment Audit Unit then performs a statistical analysis to determine whether municipal assessments meet the regulated quality standards.

Methodology

Municipalities are required by legislation to send in assessment audit information that includes ratio study information. This information is audited and an audit report is sent to the assessor and municipality.

The standard for level of assessment is a median ratio of between 0.90 and 1.10. This is calculated by dividing the assessment by the indicator of market (usually the sale price) to determine the assessment to sale price ratio (ASR). The median ASR is then calculated on a minimum of four property categories (Improved Residential, Vacant Residential, Improved Non-residential, Vacant Non-residential). For municipalities with enough sales, the assessor typically divides this further into neighbourhoods or sub groups.

The overall ratios for the four categories are calculated based on weighting the median ratios of the sub-groups. These four assessment levels are used in the equalized assessment process.

For all municipalities, the percentage of overall assessment levels falling in the acceptable range of 0.9 and 1.1 is determined for each category. The performance measure is the mean of the four categories' percentages.

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Core business: Safety Services and Fire Protection

Performance Measure

The percentage of assessed accredited municipalities, corporations, agencies and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating

Relevance of Measure to Goal

Working with the Safety Codes Council, Safety Services develops and supports partnerships with municipalities and other organizations trained and accredited to administer the *Safety Codes Act*. This measure monitors and promotes continuous improvement in the effectiveness and uniformity of permit and safety codes inspection services delivered under the *Act*.

Targets

The Ministry system for monitoring and assessing administration of the Act by accredited organizations was developed and a baseline was established in 1998-99.

2002-03:	Target – 95 per cent	Actual – 97 per cent
2001-02:	Target – 90 per cent	Actual – 96 per cent
2000-01:	Target – 90 per cent	Actual – 94 per cent

Data Source

Accredited organizations are assessed throughout the year using a standard checklist for each type of organization. Safety Services recently developed an electronic tool, based on an established database software, for gathering the raw checklist data. This new tool contains improved error mitigation features, integrated workflow for supervisory review and follow-up on observations as well as other improvements. Because it was implemented mid-year, raw data was gathered using manual completion of paper checklists in the field and entered into the system. In the coming year, the checklists will be completed electronically on-site.

Methodology

The two safety services regional managers are responsible for ensuring accredited municipalities and corporations are assessed on a revolving basis. A minimum of 80 per cent of accredited municipalities and accredited corporations and 100 per cent of delegated administrative organizations (DAOs) are monitored/assessed annually. 100 per cent of accredited agencies under contract with the department are monitored/assessed quarterly.

Data gathered using the standard checklists is entered into the electronic database for each type of organization. A score is computed for each completed checklist using the percentage of satisfactory responses to checklist questions. The checklist scores for each organization are then averaged to produce an overall score for the organization. The percentage of overall scores that meet or exceed the 70 per cent minimum standard are computed for each type of organization (i.e., accredited municipalities, corporations, agencies and DAOs). This percentage of satisfactory performance is then weighted according to the number of organizations assessed and combined with that of the other types of organizations to produce the key performance statistic.

The performance statistic for accredited agencies and DAOs was calculated as in previous years, transferring information from manual checklists to an electronic spreadsheet.

However, this year the performance of the other two groups—assessed municipalities and corporations—has been documented and computed using the new electronic permitting system (EPS) tool. Paper copies of checklists were completed on site and centrally collected for data entry into the monitoring database. An interpretive guide was employed to ensure consistent interpretation of questions in the checklist. A supervisory or peer review of the data was then conducted. The 2002-03 performance results for municipalities and corporations were computed by EPS and exported to an electronic spreadsheet for combination with the other assessed organizations and calculation of the final performance statistic.

Core business: Safety Services and Fire Protection

Performance Measure

Fire deaths per 100,000 population (10-year moving average)

Relevance of Measure to Goal

Fatalities occur in fires due to exposure to the products of combustion—smoke, flames and heat. Reducing the potential for fire injuries and deaths is one of the important safety issues in maintaining Alberta as a safe place to live and raise a family.

Protecting people from fire involves three approaches:
1. Prevention of fires
2. Early detection and warning of fire and smoke with smoke/fire alarms
3. Proper emergency responses during fire emergencies

The effectiveness of all three approaches is reflected in the number of fires that occur and the resulting consequences in the form of injuries, deaths and property damage. The measurement under review is an effective "outcome measure" as it measures the end effect of the activities.

The government acts in a supporting role in a variety of ways to achieve reductions in the number of fire deaths in the province. The fire deaths per 100,000 population measure is therefore a good overall fire safety and prevention indicator.

Targets

2002-03:	Target – Less than or equal to 2001-02 Actual – 1.25
2001-02:	Benchmark – 1.30 Actual – 1.26
2000-01:	Actual – 1.32

Data Source

The Fire Commissioner's Office has the authority to collect data on fire incidents in the province, as stated under the Administrative Items Regulations of the *Safety Codes Act*. Fire data is reported in standardized report formats by municipal fire departments, insurance companies/adjusters, and police departments. Other sources of data include the Medical Examiner's Office and Vital Statistics. Alberta official population data is obtained from the Municipal Affairs Web site.

For 2002-03, a new Fire Statistics Reporting Manual and form were introduced, improving the quality of the data. In addition, a web-based application called the Fire Electronic Reporting System was introduced, enabling the online submission of reports.

Methodology

The data is collected in either hard copy or electronically through FERS. Data from the hard copies is keyed into the system and validated. All data is then analyzed. The data and the measure relate to a calendar year, which is consistent with Statistics Canada and other jurisdictions, enabling comparisons.

The formula for the fire death rate is as follows:

$$\left(\frac{\text{Number of fire deaths per year}}{\text{Population}} \right) \times 100{,}000$$

Goal 5: A disaster services program that enhances and supports local emergency preparedness for major emergencies and disasters

Core business: Disaster Services

Performance Measure

Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received

Relevance of Measure to Goal

When a widespread disaster occurs, the branch starts with an initial assessment. It advises the Minister on the potential for a disaster recovery program, its recommended geographical boundaries, and the proposed exclusions and limitations to compensation. Private sector program administrators are alerted to the possibility of a program requiring their services. This measure does not include the agriculture component, which is measured by another department. In addition, the 30-day criterion does not include infrastructure from municipal and provincial departments.

EMA (Emergency Management Alberta) employees prepare to receive applications and work with the Communications Branch to prepare public information packages. With approval from the Minister, program administration personnel establish an office in the affected area and provide public notice of program approval and guidelines/venues for application.

The program administrator receives applications and assigns priority to those in greatest need. In many cases, the evaluator will be on the scene the next day. Regardless of caseload, the target is to be on the scene within 30 days of receipt of any application.

By measuring the percentage of eligible claims where a damage assessor arrives on site within 30 days of receipt of the application, the branch can guage success in achieving this goal.

Targets

2002-03:	Target – 100 per cent	Actual – 100 per cent
2001-02:	Target – 100 per cent	Actual – 100 per cent
2000-01:	Target – 100 per cent	Actual – 100 per cent
1999-00:	Target – 100 per cent	Actual – 100 per cent

Data Source

The disaster recovery database has been in use since July 1995. It tracks all applications received and activities related to the processing of each application made under a disaster recovery program.

Methodology

The database is used to identify the number of eligible disaster recovery applications and the number of those applications where the damage assessor arrived on the site within 30 days of receipt of the application.

Eligible applications are those that fall within the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible.

The applications are collected in a separate database established for each widespread disaster recovery program. The database records all dates pertinent to the administration of the program and can be queried at any time. The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criteria divided by the total number of eligible applications.

Performance Measure

Core business: Disaster Services

Level of preparedness testing as measured by percentage of municipalities required to have emergency plans under the *Disaster Services Act* that test their emergency plans through exercises within a four-year cycle

Relevance of Measure to Goal

The *Disaster Services Act* assigns a majority of the responsibility and authority for response to emergencies and disasters to the municipal order of government. The act specifies the powers of a local authority that are available during a time of emergency or disaster and the act also specifies the structure and preparedness actions that the municipality is obliged to have completed.

The act recognizes that some local government organizations do not have sufficient resources to meet all of the obligations for structure or preparedness actions (e.g., a hamlet), and so the act defines which forms of local government are included under the act. The municipal organizations physically cover the entire landmass of Alberta (excluding First Nations reservations) with no overlap. The year started with 312 municipalities and increased to 366 with the addition of summer villages to the definition of "Local Authority" in the *Disaster Services Act*.

The *Disaster Services Act* states that each of the 366 local authorities "shall prepare and approve emergency plans and programs." These municipal emergency plans represent the recorded preparations of the municipality to respond to a disaster or emergency. In any given year, a municipality is considered to have tested its plan if it: 1) conducts a desk-top or simulated exercise to ensure the plan's effectiveness; or 2) activates its Emergency Operations Centre and municipal emergency plan in response to an actual event.

This performance measure is designed to ensure that all of the municipalities covered under the act are provided with the assistance required to test their municipal emergency plans at least once in a four-year cycle.

Targets

Different levels of preparedness are evident across municipalities and some municipalities require more assistance than others to be prepared to have their municipal emergency plans exercised. These plans will take more time and are scheduled in the latter two years of the cycle.

The target is established as follows:

Year 1		
2002-03	Target – 40 per cent	Actual – 46 per cent
Year 2		
2003-04	Target – 70 per cent	Actual –
Year 3		
2004-05	Target – 85 per cent	Actual –
Year 4		
2005-06	Target – 100 per cent	Actual –

Data Source

The source for the data on this measure is a quarterly report submitted by the six district officers in Community Programs at Emergency Management Alberta. The fourth quarter report is used to extract the actual number of municipalities that have tested their plans in the current year, either through a coordinated exercise or an actual event, and have not previously exercised their plans in the current four-year cycle.

Methodology

All six district officers compile and submit quarterly reports to the Director of Community Programs who maintains a four-year cumulative report for the testing cycle. This information is used to verify if an event or exercise represents the required test for the municipality or if it is a repeat test. Once the four-year cumulative report by district is updated, a simple sum of the six districts in calculated, which is then divided by the total number of municipalities to produce a cumulative percentage.

Goal 6: An independent appeal system that issues timely and impartial decisions of high quality

Core business: Municipal Government Board

Performance Measure

Percentage of property appeals heard within 150 days of receipt of completed appeal applications

Relevance of Measure to Goal

This measure recognizes the need for the Municipal Government Board (MGB) to achieve efficiencies through hearing property appeals in a timely manner.

Targets

2002-03: Target – 91 per cent Actual – 69 per cent

The measure was not included last year as there was no performance standard set out for the MGB. The MGB is included this year within the department reporting system and the measure has been selected as a key component to evaluating the MGB's capacity to achieve administrative efficiencies in providing parties with timely hearing of their appeals. Prior to last year, no targets had been identified and processes for calculating the 150-day objective had not been established. Without defined criteria, the success or failure of the target was difficult to ascertain.

Data Source

The MGB uses a database to collect and analyze related data. This database is called Application Tracking (APTR). It is an Oracle database containing the information listing when all appeals arrive and the date all hearings are held.

Methodology

The method used to analyze the data is straight-forward. In APTR the exact number of days is calculated for the time that has expired for each property appeal. The calculation is from the application date to the hearing date. Using this calculation the actual number of days is established for each appeal and reported. These calculations are hard coded and can be reproduced as requested. They may also be reproduced for any period. The period used for the hearing date in this case is the fiscal year of April 1, 2002 to March 31, 2003.

The final result is ascertained by determining the total number of appeals heard between April 1, 2002 and March 31, 2003. Property appeals heard within 150 days from the date the appeal was received are divided by the total number of property appeals heard within the 2002-03 fiscal year. The total number does not include appeals that were received, but in which a hearing was not held before March 31, 2003.

Core business: Municipal Government Board

Performance Measure

Percentage of decisions that are successfully challenged in the courts or through Section 504 of the *Municipal Government Act*

Relevance of Measure to Goal

The quality of the Municipal Government Board's decisions may be determined by the number of subsequent successful appeals that parties make to the courts and the number of rehearing requests that the MGB decides to rehear. These are the two avenues that parties to appeals may take if they are dissatisfied with the decisions made by the MGB or if they believe they have not had a fair and impartial hearing. Section 504 of the *Municipal Government Act* provides the MGB with the authority to rehear matters.

Targets

2002-03: Target – less than 1 per cent Actual – less than 1 per cent

Data Source

The MGB maintains a hand-written ledger of all appeals that go to the Court of Queen's Bench and the Court of Appeal. This ledger includes information on parties to each appeal and a listing of the outcome of each court decision. The MGB also uses a ledger (WORD document) to monitor and track all requests for rehearings and decisions on rehearings. The rehearing ledger is supported by a database that identifies all rehearing requests and all decisions in which rehearings are denied or approved. The Decision Tracking and Application Tracking databases provide source information for appeals and appeal decisions. Subdivision files identify all subdivision appeals that are before the MGB.

Methodology

The courts, because of their busy schedule, do not decide MGB appeals until one to five years after the decisions have been rendered by the MGB. Since there are few decisions made by the courts to use for evaluating the MGB's current performance, the MGB has chosen to use the most recent year in which statistics are complete. The 1998-99 fiscal year is the most usable for evaluating the quality of MGB decisions. Therefore, the data being analyzed is based only on all the appeals decided by the MGB between April 1, 1998 and March 31, 1999. The court decisions and MGB rehearing decisions used in the analysis relate only to the MGB appeals decided during the 1998-99 fiscal year. The decisions of the MGB made during this period and the actual court appeals and rehearing requests that stemmed from these decisions are fully correlated in the data used in the calculations. The court judicial review ledger was reviewed and all court appeals that arise from MGB decisions made during this fiscal year were totalled. Following this, a review was made of the rehearing ledger for the number of rehearing requests that

arise from MGB decisions made during the 1998-99 fiscal year. A list of rehearing decisions was also maintained in the MGB's Decision Tracking Database. The number of overturned MGB decisions or appeals ordered to be reheard were totalled and then divided by the total number of property assessment and subdivisions appeals made to the MGB in 1998-99. The total property appeal numbers were derived from a query made in the APTR database and the number of subdivision appeals received as contained in the subdivision appeal files.

Core business: Municipal Government Board

Performance Measure

Percentage of stakeholders who feel they received fair, unbiased hearings

Relevance of Measure to Goal

It is a requirement of the Municipal Government Board that it make and be seen to make impartial, independent decisions that are of high quality. To determine if the goal is met, parties who appear before the MGB were asked the question: "Do you feel you received a fair hearing on the case(s) you presented?" The measure is a value judgement of the parties who appear before the MGB. Surveying is viewed as the primary method available to determine the satisfaction of the stakeholder group.

Targets

This is a new measure as it is the first year that the MGB has had a performance measure within the department's business plan. The MGB was not prepared to focus on the satisfaction with the decision as the decision process results in 50 per cent winners and 50 per cent losers, so the satisfaction level of decisions is somewhat predetermined. Therefore, to make it a meaningful measure, it was decided to measure performance based on how parties perceived the fairness and professionalism of the MGB in the way it conducts itself in hearing appeals and in meeting its administrative tribunal responsibilities.

2002-03: Target – 85 per cent Actual – 88 per cent

Data Source

The MGB circulated a survey to all stakeholder groups in September 2002 for the 2001 calendar year. This included municipalities, agents, assessors and legal counsel, plus individual property owners. All municipalities that had attended hearings in that year received questionnaires. All assessors, agents, law firms and individual property owners who appeared before the MGB were also sent questionnaires.

A database was developed by the MGB to store response data received and to analyze the data. The database was developed in ACCESS. All survey responses are entered into the database.

Methodology

In a reaction to suggestions received from the survey done last year prior to the creation of the performance measure, it was decided to divide this year's questionnaire into two separate surveys: 1) property assessment appeals, and 2) subdivision/annexation appeals.

Property Assessment Survey

The surveys were mailed in September 2002 requesting a response by mid-October. All clients who had appeals filed in 2001 were grouped into specific client groups. A questionnaire was sent to all listed clients in each group that appeared before the board, with the exception of numbered companies who were represented at the hearing by other parties who were included in the other groups. Two individual property owners were not sent a questionnaire due to unusable responses in previous years. No questionnaires were sent to witnesses. The resultant total number of clients sent a survey was 455. This survey resulted in a response rate of 27 per cent.

Subdivision/Annexation Survey

All subdivision appellants and respondents were placed in one group as both are parties to an appeal. All subdivision appellants and respondents received a survey. A survey was not sent to any witnesses as they are not parties to an appeal. The stakeholders surveyed were municipal representatives, landowners/developers, and government representatives such as planners, elected officials, subdivision authorities, and Alberta Transportation. The total surveys sent were 58 and a total of 22 responded for a response rate of 38 per cent.

The satisfaction scale used in both surveys is a five-point satisfaction scale (never, seldom, usually, most of the time, all of the time). Any response of usually, most of the time and all of the time is counted as a satisfied response for the performance measure. The weighted average of satisfied responses for the two surveys was used to determine the reported result as a percentage.

FINANCIAL INFORMATION

Ministry of Municipal Affairs
Financial Statements – March 31, 2003

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AUDITOR GENERAL *Alberta*

Auditor's Report

To the Members of the Legislative Assembly:

I have audited the Statement of Financial Position of the Ministry of Municipal Affairs as at March 31, 2003 and the Statements of Operations and Changes in Financial Position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

Reporting Entity

Canadian generally accepted accounting principles require the consolidation of organizations that together constitute a single economic unit. In the public sector, consolidated financial statements should aggregate the financial statements of organizations comprising a reporting entity. A reporting entity is defined as comprising the organizations that are accountable for the administration of their financial affairs and resources to a minister, and are owned or controlled by the government.

These financial statements contain only the results of operations and net assets of the Department of Municipal Affairs. In my opinion, the Ministry's delegated administrative organizations (DAOs) and the Safety Codes Council should be included in these financial statements. These organizations are accountable to the Minister's and require the Minister's approval of revenue-raising, expenditure and resource allocation policies related to their functions.

Therefore, consolidation of the DAOs and the Safety Codes Council with the Department of Municipal Affairs would provide a complete overview of the full nature and extent of the financial affairs and resources for which the Minister is accountable.

Had the Safety Codes Council and the DAOs been included in the Ministry's statements, then, after elimination of inter-entity balances, revenues, expenses, assets, liabilities and net assets would have increased (decreased) by approximately:

	Revenues	Expenses	Assets	Liabilities	Net Assets
			(thousands of dollars)		
Safety Codes Council	$ 1,911	$ (860)	$ 5,277	$ 1,912	$ 3,365
Total DAOs	37,907	37,669	26,146	17,246	8,900
TOTAL	**$ 39,818**	**$ 36,809**	**$ 31,423**	**$ 19,158**	**$ 12,265**

Capital assets

The Ministry employs a policy of expensing capital asset purchases under $15,000 (systems development under $100,000) in the year of acquisition. Consequently a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2003, assets and net assets have been understated by approximately $2,202,000 representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. The value of capital asset purchases that were expensed in the current year is more than the amount that would have been recorded as amortization expense, overstating expenses for the year ended March 31, 2003 by $842,000.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Ministry at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
May 23, 2003

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF OPERATIONS
For the year ended March 31, 2003
(thousands of dollars)

	2003 Budget (schedule 4)	2003 Actual	2002 Actual
Revenues (schedule 1)			
Internal Government Transfers	$ 40,000	$ 40,000	$ 12,000
Transfers from Government of Canada	446	8,545	186
Premiums, Fees, and Licences	376	373	435
Other Revenue	1,531	1,845	2,534
	42,353	**50,763**	**15,155**
Expenses - Directly Incurred (note 2b and schedule 8)			
Voted (schedules 3 and 5)			
Ministry Support Services	10,230	9,760	9,233
Local Government Services	107,582	103,402	106,110
Public Safety	11,629	45,020	51,009
Municipal Government Board	2,641	2,520	2,354
	132,082	**160,702**	**168,706**
Statutory (schedules 3 and 5)			
Valuation Adjustments			
Provision for Bad Debts	-	-	3
Provision for (Reduction of) Vacation Pay	200	50	(576)
	200	**50**	**(573)**
Total Expenses	**132,282**	**160,752**	**168,133**
Net Operating Results	**$ (89,929)**	**$ (109,989)**	**$ (152,978)**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended March 31, 2003
(thousands of dollars)

	2003 Actual	2002 Actual
Operating Transactions:		
Net Operating Results	$ (109,989)	$ (152,978)
Non Cash Charges		
Amortization	1,155	1,017
Valuation Adjustments	50	(573)
	(108,784)	(152,534)
(Increase) Decrease in Accounts Receivable	(10,864)	1,584
Decrease in Loans and Advances	9	7
Increase in Accounts Payable and Accrued Liabilities	5,347	32,795
Cash Used for Operating Transactions	**(114,292)**	**(118,148)**
Investing Transactions:		
Purchases of Capital Assets (schedule 5)	(859)	(2,137)
Transfer of Capital Assets to Innovation and Science	-	5
Cash Used for Investing Transactions	**(859)**	**(2,132)**
Financing Transactions:		
Net Transfer from General Revenues	**115,086**	**119,927**
Net Cash Used	**(65)**	**(353)**
Cash at Beginning of Year	122	475
Cash at End of Year	**$ 57**	**$ 122**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2003
(thousands of dollars)

	2003	2002
Assets		
Cash	$ 57	$ 122
Accounts Receivable (note 3)	42,679	31,815
Loans and Advances	14	23
Capital Assets (note 5)	3,206	3,502
	$ 45,956	**$ 35,462**
Liabilities		
Accounts Payable and Accrued Liabilities	**$ 60,727**	**$ 55,330**
Net Liabilities		
Net (Liabilities) Assets at Beginning of Year	(19,868)	13,183
Net Operating Results	(109,989)	(152,978)
Net Transfer from General Revenues	115,086	119,927
Net (Liabilities) Assets at End of Year	**(14,771)**	**(19,868)**
	$ 45,956	**$ 35,462**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2003

Note 1 Authority and Purpose

The Ministry of Municipal Affairs operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry works in partnership with Alberta's municipalities, other government departments, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities, and are served by open, effective and accountable governments.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account the activities of which are not included in these financial statements except by way of note 8 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of capital assets.
- Pension costs, which comprise the cost of employer contributions for current service of employees during the year.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in schedule 8.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets/Liabilities

Net assets/net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the amount recognized in the financial statements based on management estimates and another reasonably possible amount. Significant areas requiring the use of management estimates relate to the determination of the Government of Canada accounts receivable and revenue transfers, and the Underground Petroleum Storage Tank and Disaster Recovery accrued liabilities and grant expenses. Actual results could differ from those estimates.

Note 3 Accounts Receivable

	Gross Amount	Allowance for Doubtful Accounts	2003 Net Realizable Value	2002 Net Realizable Value
	(thousands of dollars)			
Government of Canada	$ 42,591	$ -	$ 42,591	$ 31,784
Other	97	(9)	88	31
	$ 42,688	$ (9)	$ 42,679	$ 31,815

Accounts receivable are unsecured and non-interest bearing.

Note 4 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their book values.

Note 5 Capital Assets

	Estimated Useful life	Cost	Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
		(thousands of dollars)			
Equipment	10 years	$ 1,141	$ (309)	$ 832	$ 946
Computer Hardware and Software	5 years	6,275	(3,901)	2,374	2,556
		$ 7,416	$ (4,210)	$ 3,206	$ 3,502

The Ministry has outsourced and financed by way of a conditional grant the development of a major IT application. The Ministry will recognize the approximate $2.4 million in capital costs at the time the IT application becomes ready for implementation, which is expected to be in fiscal 2004.

Note 6 Commitments

The Ministry has entered into contractual agreements with various parties with aggregate future commitments amounting to $7,609,000 (2002 - $8,788,000).

Commitments due are shown as follows:

2003-04	$ 4,850,000
2004-05	2,713,000
2005-06	46,000
	$ 7,609,000

Note 7 Contingencies

At March 31, 2003, the Ministry is a defendant in seventy-four legal claims (2002- one hundred and twelve legal claims) including eight claims amounting to $7,165,300 and one claim with no specified amount in which the Ministry has been jointly named with other entities. Sixty-nine of these claims report specified amounts totaling $80,005,400 (2002 – one hundred and twelve claims with a specified amount of $103,170,700) and five claims report no specified amounts. Sixty-seven claims totaling $79,307,400 and four claims reporting no specified amounts are covered by the Alberta Risk Management Fund.

Of the seventy-four legal claims mentioned above, fifty-four claims totaling $65,491,500 and three claims reporting no specified amounts are commenced by individuals as a result of alleged damages they incurred through the use of untreated pine shakes as a roofing material.

The resulting loss, if any, from these claims cannot be determined.

Note 8 Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Ministry's net assets.

The financial statements of the trust funds are prepared on a calendar year basis and the net assets as disclosed in the December 2002 audited financial statements of the trust funds are as follows:

	2003	2002
	(thousands of dollars)	
Special Areas Trust Account	$ 71,486	$ 68,805
Improvement Districts' Trust Account	4,214	12,485
	$ 75,700	**$ 81,290**

Note 9 Payments Under Agreement

The Ministry has entered into agreements to deliver programs and services that are fully funded by:

- The National Search and Rescue Secretariat to deliver search and rescue projects under the federal government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- The federal Office of Critical Infrastructure Protection and Emergency Preparedness for the delivery of the Joint Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.

An agreement was made between the Government of Canada and the Government of Alberta pertaining to the funding by Canada of the security measures required in connection with the holding of the G8 summit in Alberta. This Ministry, for its part, was fully reimbursed for its costs in carrying out its responsibilities under this agreement.

Costs incurred under these agreements are made by the Ministry under authority of the Financial Administration Act, Section 25. Accounts receivable includes $2,801,000 (2002 - $119,400) and accounts payable includes $2,564,000 (2002 - $6,952) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	2003	2002
	(thousands of dollars)	
New Search and Rescue Initiatives Fund	$ 242	$ 187
First Nations Emergency Planning Program	373	328
Joint Emergency Preparedness Program	2,658	-
G8 summit in Alberta	14	-
	$ 3,287	$ 515

Note 10 Defined Benefit Plans

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,271,100 for the year ended March 31, 2003 (2002 - $1,187,000).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of $301,968,000 (2001 – surplus of $5,338,000) and the Public Service Pension Plan reported an actuarial deficiency of $175,528,000 (2001 – actuarial surplus of $320,487,000). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472,000 (2001 – actuarial deficiency of $399,000).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003 the Bargaining Unit Plan reported an actuarial deficiency of $14,434,000 (2002 - $8,646,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053,000 (2002 - $2,656,000). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF REVENUES
For the year ended March 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 40,000	$ 40,000	$ 12,000
Transfer from the Government of Canada			
Disaster Assistance Programs	-	8,440	(221)
Other	446	105	407
	446	8,545	186
Premiums, Fees and Licences	376	373	435
Other revenue			
Dedicated Revenue Initiatives	1,475	1,475	1,475
Refunds of Expenditure	55	363	1,034
Miscellaneous	1	7	25
	1,531	1,845	2,534
	$ 42,353	**$ 50,763**	**$ 15,155**

Schedule 2

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
For the year ended March 31, 2003
(thousands of dollars)

	2003		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Industrial Assessment Services	$ 1,475	$ 1,475	$ -

The Ministry prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Ministry's statement of operations.

Schedule 3

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF DIRECTLY INCURRED EXPENSES DETAILED BY OBJECT
For the year ended March 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 22,061	$ 21,236	$ 21,303
Supplies and Services	17,448	18,583	15,999
Grants	91,041	119,675	130,336
Other	52	53	51
Amortization of Capital Assets	1,480	1,155	1,017
	$ 132,082	**$ 160,702**	**$ 168,706**
Statutory:			
Valuation Adjustments:			
Provision for Doubtful Accounts	$ -	$ -	$ 3
Provision for (Reduction of) Vacation Pay	200	50	(576)
	$ 200	**$ 50**	**$ (573)**

MINISTRY OF MUNICIPAL AFFAIRS
BUDGET
For the year ended March 31, 2003
(thousands of dollars)

	2002-03 Estimates	Authorized Supplementary[a]	2002-03 Authorized Budget
Revenues			
Internal Government Transfers	$ 40,000	$ -	$ 40,000
Transfers from Government of Canada	446	-	446
Premiums, Fees, and Licences	376	-	376
Other Revenue	1,531	-	1,531
	42,353	**-**	**42,353**
Expenses			
Voted			
Ministry Support Services	10,230	-	10,230
Local Government Services	107,582	-	107,582
Public Safety	11,629	29,085	40,714
Municipal Government Board	2,641	-	2,641
	132,082	**29,085**	**161,167**
Statutory			
Valuation Adjustments			
Provision for Bad Debts	-	-	-
Provision for Vacation Pay	200	-	200
	200	**-**	**200**
Net Operating Results	**$ (89,929)**	**$ (29,085)**	**$ (119,014)**
Capital Investment	**$ 999**	**$ -**	**$ 999**

(a) Supplementary estimates of $17.685 million and $11.4 million were approved on December 4, 2002 and March 10, 2003 respectively.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF COMPARISON OF DIRECTLY INCURRED EXPENSES AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
For the year ended March 31, 2003
(thousands of dollars)

	2002-03 Estimates	Authorized Supplementary	2002-03 Authorized Budget	2002-03 Actual Expenses [b]	Unexpended (Over Expended)
Voted Expenses					
Ministry Support Services					
Minister's Office	$ 281	$ -	$ 281	$ 283	$ (2)
Deputy Minister's Office	487	-	487	472	15
Support Services					
-Operating Expense	9,462	-	9,462	9,005	457
-Capital Investment	179	-	179	70	109
	10,409	-	10,409	9,830	579
Local Government Services					
Division Support					
-Operating Expense	3,977	-	3,977	3,045	932
-Capital Investment	820	-	820	607	213
Municipal Services	7,780	-	7,780	6,506	1,274
Assessment Services	5,909	-	5,909	5,925	(16)
Unconditional Municipal Grant					
-Operating Expense	10,626	-	10,626	9,486	1,140
-Operating Expense Funded by Lotteries	28,000	-	28,000	28,000	-
Municipal Debenture Interest Rebate Program	8,950	-	8,950	8,616	334
Grants in Place of Taxes	28,839	-	28,839	26,809	2,030
Financial Support to Local Authorities	1,001	-	1,001	1,531	(530)
Municipal Sponsorship					
-Operating Expense	500	-	500	1,484	(984)
-Operating Expense Funded by Lotteries	12,000	-	12,000	12,000	-
	108,402	-	108,402	104,009	4,393
Public Safety					
Division Support	856	-	856	886	(30)
Safety Services:					
Program Management	356	-	356	608	(252)
Technical Services	2,367	-	2,367	2,038	329
Regional Management	2,483	-	2,483	2,479	4
Fire Commissioner	1,112	-	1,112	1,260	(148)
Underground Petroleum Storage Tanks	-	10,000	10,000	12,487	(2,487)
Disaster Services:					
Branch Management and Programs					
-Operating Expense	2,610	-	2,610	4,033	(1,423)
-Capital Investment	-	-	-	182	(182)
Disaster Recovery	845	19,085	19,930	20,229	(299)
Assistance for Municipal Emergency Response Training	1,000	-	1,000	1,000	-
	11,629	29,085	40,714	45,202	(4,488)
Municipal Government Board					
Municipal Government Board	2,641	-	2,641	2,520	121
	$ 133,081	**$ 29,085**	**$ 162,166**	**$ 161,561**	**$ 605**

Schedule 5

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF COMPARISON OF DIRECTLY INCURRED EXPENSES AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
For the year ended March 31, 2003
(thousands of dollars)

(Continued)

	2002-03 Estimates	Authorized Supplementary[a]	2002-03 Authorized Budget	2002-03 Actual Expenses[b]	Unexpended (Over Expended)
Program Operating Expense	$ 92,082	$ 29,085	$ 121,167	$ 120,702	$ 465
Program Operating Expense Funded by Lotteries	40,000	-	40,000	40,000	-
	132,082	**29,085**	**161,167**	**160,702**	**465**
Program Capital Investment	**999**	**-**	**999**	**859**	**140**
	$ 133,081	**$ 29,085**	**$ 162,166**	**$ 161,561**	**$ 605**
Statutory Expenses					
Valuation Adjustments	**$ 200**	**$ -**	**$ 200**	**$ 50**	**$ 150**

(a) Supplementary estimates of $17.685 million and $11.4 million were approved on December 4, 2002 and March 10, 2003 respectively.

(b) Includes achievement bonuses of $444,347.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF SALARY AND BENEFITS
For the year ended March 31, 2003

	2003			2002
	Salary [1]	Benefits and Allowances [2]	Total	Total
Senior Official				
Deputy Minister [3]	139,663	42,466	182,129	224,283
Acting Deputy Minister [4]	36,909	8,179	45,088	-
Executives				
Assistant Deputy Ministers:				
Local Government Services [5]	65,799	21,761	87,560	153,898
Acting, Local Government Services [6]	66,976	15,778	82,754	-
Public Safety [7]	117,171	26,807	143,978	131,642
Acting, Public Safety [8]	8,545	2,001	10,546	13,705
Executive Directors:				
Human Resource Services [9]	-	-	-	135,999
Business Services	116,308	26,456	142,764	137,261
Financial Services and Information Technology	112,540	25,790	138,330	123,190
Director, Human Resources [10]	90,940	20,744	111,684	-

Total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.
(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, WCB premiums, professional memberships and tuition.
(3) Automobile provided, no dollar amount included in benefits and allowances. This position was occupied effective July 1, 2002.
(4) This position ceased effective June 30, 2002.
(5) This position was occupied effective November 1, 2002.
(6) This position ceased effective October 31, 2002. Benefits and allowances include a vacation payout of $4,562.
(7) This position was occupied effective May 1, 2002.
(8) This position ceased effective April 30, 2002.
(9) This position ceased effective March 31, 2002.
(10) This position was occupied effective April 1, 2002. Benefits and allowances include a vacation payout of $4,031.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the year ended March 31, 2003
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry receives services under contracts managed by the Ministry of Government Services (Alberta Corporate Services Centre). Any commitments under these contracts are reported by the Ministry of Government Services (Alberta Corporate Services Centre).

The Ministry had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Other Government Entities	
	2003	2002
Revenues		
Transfer from the Lottery Fund	$ 40,000	$ 12,000
Expenses		
Supplies and Services	$ 2,656	$ 2,624

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 8.

	Other Government Entities	
	2003	2002
Expenses		
Accommodation	$ 4,356	$ 4,623
Legal	552	718
	$ 4,908	$ 5,341

The Ministry paid $26,657 (2002 - $25,931) of grants in place of taxes on behalf of other ministries.

Schedule 8

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF ALLOCATED COSTS
For the year ended March 31, 2003
(thousands of dollars)

	2003						
		Expenses - Incurred by Others		Valuation Adjustments			
Program	Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Total	2002 Total
Ministry Support Services	$ 9,760	$ 1,284	$ 54	$ 7	$ -	$ 11,105	$ 10,691
Local Government Services	103,402	1,242	176	22	-	104,842	107,755
Public Safety	45,020	1,379	130	19	-	46,548	52,146
Municipal Government Board	2,520	451	192	2	-	3,165	2,882
	$ 160,702	**$ 4,356**	**$ 552**	**$ 50**	**$ -**	**$ 165,660**	**$ 173,474**

1) Expenses – directly incurred as per statement of operations, excluding valuation adjustments ($160,752 minus $50 = $160,702).

Other Information

Statement of Revenues and Expenditures of the Improvement Districts' Trust Account – UNAUDITED

Statement of Revenues and Expenditures – Summary 92

Statement of Revenues and Expenditures – Detail 93

Note to Reader:

The unaudited financial information being presented here was derived from the December 31, 2002 audited financial statements of each Improvement District.

Improvement Districts' Trust Account
Statement of Revenues and Expenditures
For the year ended December 31, 2002

(Summary)

	Improvement District						
	4	9	12	13	24	Kananaskis [a]	Total
Revenues	$ 26,109	$ 567,167	$ (38,652)	$ 23,189	$ 17,141	$ 1,286,089	$ 1,881,043
Expenditures	16,335	592,765	21,186	97,053	13,202	995,342	1,735,883
Excess (deficiency) of revenues over expenditures	$ 9,774	$ (25,598)	$ (59,838)	$ (73,864)	$ 3,939	$ 290,747	$ 145,160

Improvement District:

4 Waterton National Park
9 Banff National Park
12 Jasper National Park
13 Elk Island National Park
24 Wood Buffalo National Park

[a] Ministerial Order No. L:159/01 delegated, effective October 1, 2001, the administration of the Kananaskis Improvement District to the Minister of Community Development.

Improvement Districts' Trust Account
Statement of Revenues and Expenditures
For the year ended December 31, 2002

(Detail)

	Improvement District						
	4	9	12	13	24	Kananaskis	Total
REVENUES							
General Municipal:							
Taxation							
Real property	$ 240,020	$ 2,449,490	$ 37,341	$ 4,129	$ 4,340	$ 1,180,881	$ 3,916,201
Federal grants in lieu of taxes	57,124	440,522	38,364	27,933	16,121	12,558	592,622
Provincial grants in lieu of taxes	-	-	-	-	-	152,678	152,678
Power and pipeline	2,195	74,222	28,470	12,354	11,430	261,605	390,276
Oil well drilling taxes	-	-	-	-	-	11,103	11,103
Penalties and costs	3,029	195	11	-	141	3,559	6,935
	302,368	2,964,429	104,186	44,416	32,032	1,622,384	5,069,815
Less payment of requisitions to:							
Alberta School Foundation Fund	281,029	2,462,681	145,866	25,266	15,042	886,906	3,816,790
Seniors Foundation	-	35,067	6,126	-	-	12,584	53,777
	281,029	2,497,748	151,992	25,266	15,042	899,490	3,870,567
General municipal taxes	21,339	466,681	(47,806)	19,150	16,990	722,894	1,199,248
Government transfers	2,000	-	2,000	2,000	-	34,310	40,310
Interest	2,645	27,255	7,149	-	151	30,800	68,000
Other	125	73,231	5	2,039	-	498,085	573,485
	$ 26,109	$ 567,167	$ (38,652)	$ 23,189	$ 17,141	$ 1,286,089	$ 1,881,043
EXPENDITURES							
General Municipal:							
Administrative services	$ 16,335	$ 98,844	$ 14,875	$ 6,404	$ 13,202	$ 103,324	$ 252,984
Transportation services	-	-	-	-	-	88,665	88,665
Protective services	-	425,498	6,311	-	-	557,786	989,595
Recreation and cultural services	-	61,909	-	-	-	-	61,909
Agriculture, planning and other community services	-	-	-	-	-	22,514	22,514
Other expenditures	-	6,514	-	90,649	-	223,053	320,216
	$ 16,335	$ 592,765	$ 21,186	$ 97,053	$ 13,202	$ 995,342	$ 1,735,883

Other Information

Financial Statements of the Special Areas Trust Account – AUDITED

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AUDITOR GENERAL
Alberta

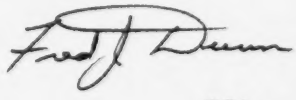
Auditor's Report

To the Minister of Municipal Affairs:

I have audited the balance sheet of The Special Areas Trust Account as at December 31, 2002 and the statements of revenue, expenditure and accumulated excess of revenue over expenditure, reserves, equity in physical assets and cash flows for the year then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The Special Areas Trust Account as at December 31, 2002 and the results of its operations, movements on reserves, and on equity in physical assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for municipal governments.



FCA
Auditor General

Edmonton, Alberta
March 15, 2003

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2002

ASSETS	2002	2001
Financial Assets		
Current:		
Cash (Note 4)	$ 28,458,675	$ 29,196,974
Accounts receivable, net (Note 5)	1,628,728	1,396,776
Taxes receivable, net	311,449	278,258
Due from Province of Alberta, net (Note 6)	203,845	206,252
	30,602,697	31,078,260
Non-current:		
Deposit on capital asset purchase (Note 17)	55,000	-
Accounts receivable, net (Note 5)	2,256,461	2,398,830
Investments, Schedule 1	21,954,885	20,548,265
Total financial assets	54,869,043	54,025,355
Physical Assets (Note 7)		
Capital assets	16,650,298	14,539,631
Inventories	2,549,826	2,748,151
Total physical assets	19,200,124	17,287,782
	$ 74,069,167	$ 71,313,137

LIABILITIES AND TRUST EQUITY		
Current:		
Accounts payable and accruals	$ 1,310,390	$ 1,146,931
Deferred lease revenue	250,476	297,493
Deferred provincial grant revenue	71,863	-
	1,632,729	1,444,424
Non-current:		
Provision for gravel pit reclamation (Note 8)	950,000	1,010,000
Total Liabilities	2,582,729	2,454,424
Equity:		
Accumulated excess of revenue over expenditure	4,303,075	4,537,970
Reserves	47,983,239	47,032,961
In physical assets	19,200,124	17,287,782
Total Equity	71,486,438	68,858,713
	$ 74,069,167	$ 71,313,137

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2002

	2002		2001
	BUDGET (Note 18)	ACTUAL	ACTUAL
Revenue			
General municipal:			
Taxation			
Power and pipeline	$ 18,852,250	$ 19,206,050	$ 18,589,155
Real property	4,700,000	5,219,103	5,162,765
Grazing and cultivation	700,000	912,785	925,408
Penalties and costs on taxes	125,000	219,406	201,487
	$ 24,377,250	$ 25,557,344	$ 24,878,815
Less amounts expended by transfers:			
Alberta School Foundation Fund	$ 14,006,000	$ 14,358,711	$ 14,040,539
Seniors Foundation requisitions	800,000	810,764	769,821
	14,806,000	15,169,475	14,810,360
Net taxes for municipal purposes	9,571,250	10,387,869	10,068,455
Provincial grants (Note 9)	3,092,871	2,323,772	4,655,797
Leases (Note 10)	4,702,000	5,164,208	5,788,776
Interest	2,026,000	2,080,663	2,469,757
Tax recovery land sales	370,000	743,410	274,111
Other (Note 11)	2,104,700	2,194,928	2,065,521
Total revenue, carried forward	$ 21,866,821	$ 22,894,850	$ 25,322,417

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2002

	2002 BUDGET (Note 18)	2002 ACTUAL	2001 ACTUAL
Total revenue, brought forward	$ **21,866,821**	$ **22,894,850**	$ **25,322,417**
Expenditure			
General municipal:			
Transportation services	14,713,921	14,336,162	15,621,046
Administrative services	2,712,801	2,693,021	2,607,905
Water and sanitation services	2,931,700	2,012,107	700,493
Agriculture and community pasture services	1,334,689	1,239,739	1,423,584
Recreational and cultural services	1,006,038	1,075,016	896,636
Protective services	662,593	717,582	705,096
Industrial tax transfers	110,000	105,840	99,090
Total expenditure (Note 12, 14 and 15)	**23,471,742**	**22,179,467**	**22,053,850**
Excess of revenue over expenditure	$ **(1,604,921)**	**715,383**	**3,268,567**
Accumulated excess of revenue over expenditure at beginning of year		4,537,970	1,891,936
		5,253,353	5,160,503
Less: transfers to tax recovery land sales reserve (Note 16):			
Phase I	-	(5,060)	(9,479)
Phase II	(650,000)	(945,218)	(613,054)
	$ (650,000)	(950,278)	(622,533)
Accumulated excess of revenue over expenditure at end of year		$ **4,303,075**	$ **4,537,970**
Increase (decrease) in accumulated excess of revenue over expenditure during the year	$ **(2,254,921)**	$ **(234,895)**	$ **2,646,034**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
Tax recovery land sales reserves :		
Phase I		
Balance at beginning of year	$ 39,299,682	$ 39,290,203
Add transfers of accumulated excess of revenue over expenditure (Note 16)	5,060	9,479
Balance at end of year	39,304,742	39,299,682
Phase II		
Balance at beginning of year	7,731,960	7,118,906
Add transfer from accumulated excess of revenue over expenditure (Note 16)	945,218	613,054
Balance at end of year	8,677,178	7,731,960
Total balance at end of year	47,981,920	47,031,642
Public reserve:		
Balance at beginning and end of year	1,319	1,319
Total reserves	$ **47,983,239**	$ **47,032,961**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
Equity in capital assets at beginning of year	$ 14,539,631	$ 13,673,948
Add purchase of capital assets:		
Transportation services	2,725,866	2,020,623
Administrative services	329,241	282,382
Water and sanitation services	319,635	-
Protective services	201,015	215,292
Agriculture and community pasture services	181,298	211,605
Recreation and cultural services	41,445	113,068
	3,798,500	2,842,970
Annual amortization of capital assets	(1,636,419)	(1,332,358)
Disposal of capital assets	(51,414)	(644,929)
Equity in capital assets at end of year	$ 16,650,298	$ 14,539,631
Equity in inventories at beginning of year	$ 2,748,151	$ 2,521,498
Add purchases and other inventory costs	1,150,194	2,128,219
Deduct requisitions	(1,348,519)	(1,901,566)
Equity in inventory at end of year	$ 2,549,826	$ 2,748,151
Equity in physical assets at end of year	**$ 19,200,124**	**$ 17,287,782**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
Operating activities:		
Excess of revenue over expenditure	$ 715,383	$ 3,268,567
Amortization of investment premiums, less discounts	213,092	120,888
Gain on sale of investments	(194,104)	(84,534)
Decrease in provision for gravel pit reclamation	(60,000)	(60,000)
Purchase of capital assets	3,798,500	2,842,970
(Decrease) increase in inventories	(198,325)	226,653
	4,274,546	6,314,544
Changes in non-cash working capital accounts:		
Accounts receivable	(231,952)	135,525
Taxes receivable, net	(33,191)	44,911
Due from/to the Province of Alberta, net	2,407	753,792
Accounts payable and accruals	163,459	(218,788)
Deferred lease revenue	(47,017)	49,282
Deferred provincial grant revenue	71,863	(776,650)
Inventories	198,325	(226,653)
	123,894	(238,581)
Cash provided by operating activities	4,398,440	6,075,963
Investing activities:		
Deposit on capital asset purchase	(55,000)	-
Net change in non - current accounts receivable	142,369	352,267
Proceeds from redemption of investments	16,596,035	5,847,038
Purchase of investments	(18,021,643)	(7,121,130)
Purchase of capital assets	(3,798,500)	(2,842,970)
Cash applied to investing activities	(5,136,739)	(3,764,795)
Increase in cash	(738,299)	2,311,168
Cash at the beginning of year	29,196,974	26,885,806
Cash at end of year	**$ 28,458,675**	**$ 29,196,974**

SPECIAL AREAS TRUST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the Special Areas Act, Chapter S-16, Revised Statutes of Alberta 2000. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board (the "Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Capital Assets

Capital asset acquisitions are included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets except the cost of construction of roads, bridges, and other infrastructure, having an original cost greater than $2,500 are shown on the statement of financial position as physical assets at net book value with the offsetting credit to equity in physical assets. All electronic data processing equipment is capitalized.

The cost of capital assets shown on the statement of financial position is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of original cost):

	Annual Amortization			
	Year 1	Year 2	Year 3 and Thereafter	Estimated Salvage Value
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equipment	6.67	6.67	6.67	6.67
Electronic data processing				
-Hardware	40.00	30.00	20.00/10.00	–
-Software	25.00	25.00	25.00	–

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

(c) Tax Recovery Land and Crown Land

Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the balance sheet. Approximately 1.134 million acres of tax recovery land remains unsold as at December 31, 2002 (2001- 1.146 million acres).

Crown land transferred to the Province from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes.

(d) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

(e) Inventories

The cost of consumable supplies is included as expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets.

Inventories are valued at the lower of cost or net replacement value. Cost for gravel and fuel is determined by using the first-in-first-out method and for parts and other by using the average cost method.

(f) Pensions

The Board participates in two multiemployer defined benefit pension plans, the Management Employee Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

(g) Financial Instruments

The carrying value of cash, current accounts receivable, taxes receivable, amounts due from/ to Province of Alberta, and accounts payable and accruals approximate fair value due to the short-term maturities of these items.

The carrying value of non-current accounts receivable approximate their fair value.

The fair value of investments is disclosed on Schedule 1.

Note 3 Prior Year Adjustment

An asset count during the year revealed several unrecorded capital assets. These assets had been acquired in past years as a result of construction activities by Special Areas personnel using consumable supplies or as gifts.

Amounts reported in prior year financial statements have been adjusted for the cost or fair value of these assets less amortization from the dates the assets were put into service.
Capital assets and Equity in capital assets at the beginning and end of the prior year have been increased by $50,939 and $49,186 respectively. Amortization of capital assets for 2001 has been increased by $1,753. Amortization of capital assets in 2002 increased by $1,753 as a result of the prior period adjustment and capital assets and equity in capital assets increased by $47,433.

Note 4 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. The Fund is a demand account managed by Alberta Revenue with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

Note 5 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts of $108,936 for 2002 ($123,299 for 2001) are comprised of the following:

	2002	2001
Current:		
From sale of tax recovery land and related mineral surface leases	$ 443,882	$ 456,297
Accrued interest	77,151	91,492
	521,033	547,789
Federal government grants	333,435	-
Accrued interest on investments	250,615	281,674
Leases	114,484	108,186
Miscellaneous	409,161	459,127
	$ 1,628,728	$ 1,396,776
Non-current:		
From sale of tax recovery land and related mineral service leases	$ 1,773,556	$ 2,065,233
Other	482,905	333,597
	$ 2,256,461	$ 2,398,830

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in instalments over a period not exceeding ten years. An interest rate of 8% per annum is applied to tax recovery land sales. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained in the Trust Account as liquidated damages.

Note 6 Due from (to) Province of Alberta, Net

The net amount due to/from the Province of Alberta is comprised of the following:

	2002	2001
Due from Province of Alberta:		
Alberta Transportation	$ 312,982	$ 368,57
Other	40,885	12,87
	353,867	381,44
Due to Province of Alberta:		
Alberta Environment	(150,022)	(175,19
Due from Province of Alberta, net	$ 203,845	$ 206,25

Note 7 Physical Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Capital Assets:				
Mobile equipment	$ 16,351,904	$ 7,256,318	$ 9,095,586	$ 7,615,8
Buildings	5,909,290	2,554,205	3,355,085	2,990,5
Automotive equipment	5,782,197	4,000,921	1,781,276	1,660,3
Machinery and equipment	2,734,986	1,582,047	1,152,939	1,040,2
Land	864,934	80,063	784,871	792,5
Electronic data processing				
- hardware	461,134	400,925	60,209	44,0
- software	711,229	290,897	420,332	396,1
	$ 32,815,674	$ 16,165,376	16,650,298	14,539,6

		Allowance for obsolescence		
Inventory:				
Parts and other	$ 1,422,620	$ 14,226	1,408,394	1,504,3
Gravel	986,527	-	986,527	1,222,4
Culverts/Grass Seed	52,435	-	52,435	
Chemicals	62,852	-	62,852	
Fuel	39,618	-	39,618	21,3
	$ 2,564,052	$ (14,226)	2,549,826	2,748,1
Total physical assets			$ 19,200,124	$ 17,287,7

Note 8 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the Environmental Protection and Enhancement Act.

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Restoration is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

Note 9 Provincial Grants

	2002	2001
Transportation	$ 1,832,334	$ 4,273,873
Agriculture, Food and Rural Development	151,004	178,506
Environment	116,243	83,841
Children's Services	114,502	89,078
Municipal Affairs	40,851	11,330
Infrastructure	29,294	-
Health & Wellness	21,000	-
Community Development	16,000	16,000
Human Resources and Employment	2,544	3,169
	$ 2,323,772	$ 4,655,797

Note 10 Lease Revenue

	2002	2001
Mineral surface leases	$ 2,470,423	$ 2,575,878
Grazing leases	1,208,838	1,609,414
Cultivation leases	436,022	443,944
Community pastures	290,064	342,236
Other	758,861	817,304
	$ 5,164,208	$ 5,788,776

Note 11 Other Revenue

	2002	2001
Municipal services cost recovery	$ 637,175	$ 374,850
License, permits, assignments and application fees	410,208	496,597
Federal government grants	337,887	2,845
Oil well drilling taxes	246,030	122,752
Sale of sand and gravel	186,155	91,192
Proceeds on sale of capital assets	19,900	633,031
Miscellaneous	357,573	344,254
	$ 2,194,928	$ 2,065,521

Note 12 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	2002	2001
Manpower, (Schedule 2)	$ 7,324,171	$ 6,993,7
Materials, goods, and utilities	4,842,558	5,125,1
Contract and general services	4,794,660	5,870,3
Physical assets acquired - capital assets purchases	3,798,500	2,842,9
Grants	961,232	720,6
Goods and services from Alberta Government departments		
Alberta Revenue		
Risk Management	170,748	168,1
Investment Fees	8,710	12,4
Alberta Municipal Affairs		
Linear Assessment	70,213	144,1
Alberta Registries	12,191	15,4
Other departments	2,002	1,0
Provision for doubtful accounts	88,642	60,7
Industrial tax transfers	105,840	99,0
	$ 22,179,467	$ 22,053,8

Note 13 Pension Plan

The Special Areas Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2002 to the PSPP were $158,596 (2001-$156,002) and to the MEPP were $70,236 (2001-$67,820) .

Note 14 Related Parties

Expenditures for goods and services provided by the Province and billed to the Trust Account are disclosed in Note 12.

Grants provided by the Province are disclosed in Note 9 and the amounts outstanding at the end of the year are disclosed in Note 6.

During 2002, the Trust Account received funds as agent for the Department of Environment amounting to $150,022, all of which is included as due to the Department at the end of the year.

Note 15 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately $70,000, have not been included expenditure of the Trust Account. The building is owned and operated by Alberta Infrastructure and all costs are recorded as expenditure of that Ministry.

Note 16 Tax Recovery Land Sales Reserve

Transfers to tax recovery land sale reserve have been determined as follows:

	Phase I	Phase II	Total
Land sales	$ 5,060	$ 687,780	$ 692,840
Interest	-	257,438	257,438
	$ 5,060	$ 945,218	$ 950,278

Phase I and II relate to proceeds from sales under the 1981 and 1988 tax recovery land sales policies respectively.

Phase I excludes interest revenue and has not been earmarked for specific expenditures.

Phase II includes interest earned under agreements for sale and investment interest earned on Phase II funds and is earmarked for future capital projects as authorized by the Minister of Municipal Affairs.

Note 17 Commitments

The Special Areas Board has entered into a sales agreement with Alberta Infrastructure for $550,000 for the purchase of shop facilities. The closing date was scheduled for January 15, 2003.

The Special Areas Board has entered into six long-term operating leases for equipment. The future lease payments are as follows:

2003	$ 444,826
2004	444,826
2005	358,816
2006	142,056
2007	-
	$ 1,390,524

Note 18 Budget

The 2002 municipal budget was adopted by the Special Areas Board and approved by the Minister of Municipal Affairs in January 2002.

Note 19 Comparative Figures

Certain 2001 figures have been reclassified to conform to 2002 presentation.

Note 20 Approval of Financial Statements

These financial statements have been approved by the Special Areas Board.

Schedule 1

SPECIAL AREAS TRUST ACCOUNT

SCHEDULE OF INVESTMENTS

AS AT DECEMBER 31, 2002

	2002						2001
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Bank of Montreal	8.15%	5.45%	May 9, 2011	$ 440,000	$ 496,945	$ 479,782	$ 505,880
BC Muni Finance	7.75%	3.92%	December 1, 2005	730,000	812,629	805,985	-
Canada Housing Trust	4.75%	4.47%	March 15, 2007	600,000	618,246	606,406	-
Canadian Imperial Bank Comm	6.50%	4.06%	October 21, 2009	300,000	315,618	316,702	-
Equitable Trust - mortgage-backed security	5.00%	5.69%	November 1, 2004	2,000,000	1,769,208	1,704,450	1,754,759
Government of Canada	5.50%	5.37%	September 1, 2002	-	-	-	2,071,531
Government of Canada	5.25%	5.77%	September 1, 2003	-	-	-	2,330,305
Government of Canada	6.50%	4.48%	June 1, 2004	495,000	519,156	511,543	709,813
Government of Canada	5.00%	4.49%	September 1, 2004	3,450,000	3,559,986	3,502,786	876,916
Government of Canada	6.00%	4.04%	September 1, 2005	1,590,000	1,695,194	1,667,935	-
Government of Canada	8.75%	5.22%	December 1, 2005	1,555,000	1,781,486	1,695,254	1,743,277
Government of Canada	5.75%	5.01%	September 1, 2006	1,100,000	1,176,131	1,126,353	926,168
Government of Canada	7.25%	4.97%	June 1, 2007	1,191,000	1,350,904	1,295,695	1,412,554
Government of Canada	4.50%	4.26%	September 1, 2007	550,000	562,403	555,487	-
Government of Canada	6.00%	4.75%	June 1, 2008	1,350,000	1,469,205	1,429,895	-
Government of Canada	5.50%	5.53%	June 1, 2009	755,000	802,006	753,846	1,497,350
Government of Canada	6.00%	5.92%	June 1 2011	275,000	299,299	276,357	603,311
Province of British Columbia	8.00%	4.60%	August 23, 2005	300,000	333,867	324,610	333,908
Province of Manitoba	9.75%	9.34%	September 3, 2002	-	-	-	1,000,000
Province of Manitoba	6.25%	3.95%	June 22, 2005	1,000,000	1,065,770	1,052,538	1,073,751
Province of Manitoba	6.25%	5.93%	September 1, 2009	400,000	437,124	406,886	-
Province of New Brunswick	9.13%	6.15%	April 1, 2002	-	-	-	402,781
Province of Newfoundland	9.55%	4.10%	August 5, 2004	320,000	351,686	346,230	362,652
Province of Ontario	8.00%	5.49%	March 11, 2003	-	-	-	1,540,110
Province of Ontario	4.88%	4.10%	June 2, 2004	520,000	533,338	525,470	-
Province of Ontario	6.25%	4.85%	March 8, 2005	1,000,000	1,061,510	1,028,189	-
Province of Quebec	5.50%	5.08%	June 1, 2009	760,000	795,530	777,266	-
Regional Municipality of York	6.75%	5.58%	November 5, 2003	-	-	-	792,731
Royal Bank of Canada	6.05%	4.18%	July 7, 2009	500,000	520,315	519,446	522,428
TD Bank	5.50%	3.19%	June 17, 2003	200,000	202,462	202,074	-
				21,381,000	22,530,018	21,911,185	20,460,225
Alberta Municipal Financing Corporation shares				-	150	150	150
Agricore United common shares				-	43,550	43,550	87,890
				$21,381,000	$22,573,718	$21,954,885	$20,548,265

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31,2002

	2002				2001	
	Number of Individuals(a)	Salary (b)	Benefits & Allowances (c)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	$ 94,628	$ 18,619	$ 113,247	1	$ 114,007
Special Areas Board members	2	6,300	283	6,583	2	5,800
Director of Finance and Administration	1	77,312	14,316	91,628	1	88,993
Director of Municipal Services	1	76,422	14,098	90,520	1	88,121
Director of Properties Administration	1	73,679	14,005	87,684	1	83,738
Roads & Equipment Superintendent	1	67,967	12,796	80,763	1	73,032
Managers (Note d)	3	174,249	34,927	209,176	3	201,502
Other full time staff (Note e)	76.5	3,452,133	575,219	4,027,352	79.4	4,007,372
Part time and casual wage staff		2,231,038	306,586	2,537,624		2,300,209
Other Boards and committees		26,440	990	27,430		25,638
Advisory Councillors	13	20,760	883	21,643	13	19,680
Increase (decrease) in vacation accrual		30,521	0	30,521		(14,390)
		$ 6,331,449	$ 992,722	$ 7,324,171		$ 6,993,702

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.

(b) Salary includes regular base pay, overtime, vacation payouts, honoraria and any other direct cash remuneration.

(c) Employer's share of all employee benefits and contributions or payments made on behalf of employees including Workers Compensation Board, Canada Pension Plan, employment insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.

(d) Average salary is $58,083 and average benefits are $11,642 totaling $69,725. (2001 $67,167).

(e) Average salary is $45,126 and average benefits are $7,519, totaling $52,645. (2001 $50,458).

Alphabetical List of Entities' Financial Statements in Ministry 2002-03 Annual Reports

Entities included in the consolidated government reporting entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	

Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development

Persons with Developmental Disabilities Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Michener Centre Facility Board[2]	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

Entities NOT included in the consolidated government reporting entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

[1] Ministry includes only the department so separate department financial statements are not necessary
[2] Dissolved June 23, 2002

Note to Readers:

Copies of the annual report are available on the Alberta Municipal Affairs Web site or by contacting:

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